



IN THE SUPREME COURT OF THE STATE OF DELAWARE

AMERICAS MINING CORPORATION, GERMAN )  
LARREA MOTA-VELASCO, GENARO LARREA )  
MOTA-VELASCO, OSCAR GONZALEZ ROCHA, )  
EMILIO CARRILLO GAMBOA, JAIME ) Case No. 29, 2012  
FERNANDO COLLAZO GONZALEZ, XAVIER )  
GARCIA DE QUEVEDO TOPETE, ARMANDO ) On Appeal from the  
ORTEGA GOMEZ AND JUAN REBELLEDO, ) Court of Chancery  
 ) Consol. C.A. No. 961-CS  
 )  
Defendants Below / )  
Appellants, )  
 )  
v. )  
 )  
MICHAEL THERIAULT, as Trustee for )  
the Theriault Trust, )  
 )  
 )  
Plaintiff Below / )  
Appellee. )  
 )  
SOUTHERN COPPER CORPORATION, )  
formerly known as Southern Peru )  
Copper Corporation, ) Case No. 30, 2012  
 )  
Nominal Defendant )  
Below, Appellant, ) On Appeal from the  
 ) Court of Chancery  
v. ) Consol. C.A. No. 961-CS  
 )  
 )  
MICHAEL THERIAULT, as Trustee for )  
the Theriault Trust, )  
 )  
 )  
Plaintiff Below, )  
Appellee. )  
 )

JOINT APPENDIX TO AMC APPELLANTS' OPENING BRIEF AND NOMINAL APPELLANT  
SOUTHERN PERU COPPER CORPORATION'S OPENING BRIEF

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as Southern Copper Corporation)*

March 5, 2012

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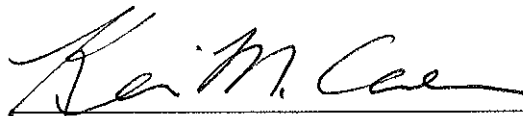
CERTIFICATE OF SERVICE

I hereby certify that on March 5, 2012, I electronically filed and caused to be served by LexisNexis File and Serve a JOINT APPENDIX TO APPELLANTS' OPENING BRIEF AND NOMINAL APPELLANT SOUTHERN PERU COPPER CORPORATION'S OEPNING BRIEF upon the following counsel of record:

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A handwritten signature in black ink, appearing to read "Kevin M. Coen", written over a horizontal line.

Kevin M. Coen (#4775)

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**Case History Search**

Search Created:  
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<b>Court:</b>	DE Court of Chancery Civil Action	<b>File &amp; Serve Live</b>	12/30/2004
<b>Division:</b>	N/A	<b>Document(s) Filed:</b>	612
<b>Case Type:</b>	Breach of Fiduciary Duties	<b>Case Name:</b>	CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation
<b>Linked Case (s):</b>	<a href="#">29,2012C</a> <a href="#">[View Case History]</a> <a href="#">30,2012C</a> <a href="#">[View Case History]</a>	<b>Date Range:</b>	All

1-251 of 251 transactions &lt;&lt;Prev Page 1 of 1 Next&gt;&gt;

<u>Transaction</u>	<u>Date/Time</u>	<u>Option</u>	<u>Case Number</u> <u>Case Name</u>	<u>Authorizer</u> <u>Organization</u>	<u>#</u>	<u>Document Type</u>	<u>Document Title</u>	<u>Size</u>
42111861	1/25/2012 5:00 PM EST	Scanned Document Upload	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kenneth Lagowski, DE Court of Chancery Civil Action	331	Supreme Court Receipt and Return	Register's Certificate, Supreme Court Receipt and complete Court of Chancery docket in matter on appeal to Supreme Court	1.9MB
42111862	1/25/2012 5:00 PM EST	Scanned Document Upload	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kenneth Lagowski, DE Court of Chancery Civil Action	332	Supreme Court Receipt and Return	Register's Certificate, Supreme Court Receipt and complete Court of Chancery docket in matter on appeal to Supreme Court	1.9MB
42057448	1/23/2012 9:50 AM EST	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Judge Unassigned, DE Court of Chancery Civil Action	329	Notice of Appeal to Supreme Court	Notice of appeal to Supreme Court	0.1MB
					330	Letter	Letter dated 1-23-2012 from Senior Court Clerk to Ken Lagowski, the record is due to be filed by 2-13- 2012.	0.1MB
42056998	1/23/2012 9:36 AM EST	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Judge Unassigned, DE Court of Chancery Civil Action	327	Notice of Appeal to Supreme Court	Notice of appeal to Supreme Court.	0.1MB
					328	Letter	Letter dated 1-23-2012 from Senior Court Clerk to Ken Lagowski, the record is due to be filed by 2-13- 2012.	0.1MB
41634077	12/30/2011 12:43 PM EST	File Only	Multi-Case	Neith Ecker, DE Court of Chancery Civil Action	326	Official Transcript (Addl Fees Apply)	Oral Argument on Plaintiff's Petition for Award of Attorneys' Fees and Expenses and Rulings of the Court held December 19, 2011	0.2MB
41607354	12/29/2011 8:36 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder	Leo E Strine, DE Court of Chancery Civil Action	325	Order	Granted ((Stipulated and Proposed) Revised Final Order and Judgment) • Linked to (1)	0.1MB

A1

41584240	12/27/2011 7:05 PM EST	File And Serve	Derivative Litigation 961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	323 Stipulation & (Proposed) Order  324 Letter	(Stipulated and Proposed) Revised Final Order and Judgment • Linked to (9) • Linked from (1) Ronald A. Brown, Jr.'s Letter to Chancellor Strine on Behalf of the Parties with the (Stipulated and Proposed) Revised Final Order and Judgment	0.1MB  0.1MB
41542356	12/22/2011 3:37 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen E Jenkins, Ashby & Geddes	322 Letter   Affidavit	Letter to the Honorable Leo E. Strine, Jr. from Stephen E. Jenkins, Esquire enclosing a copy of the Affidavit of Stephen E. Jenkins pursuant to the Court's instructions of December 21 2011 • Linked to (3) Affidavit of Stephen E. Jenkins • Linked from (1)	0.1MB   0.1MB
41539341	12/22/2011 2:30 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	321 Letter   Affidavit	Letter To The Honorable Leo E. Strine, Jr. From Kevin M. Coen Enclosing Affidavit of Kevin M. Coen Regarding Contacts With The Press • Linked to (2) Affidavit of Kevin M. Coen • Linked from (1)	0.1MB   0.1MB
41532626	12/22/2011 11:36 AM EST	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Jeanne K Cahill, DE Court of Chancery Civil Action	320 Official Transcript (Addl Fees Apply)	Teleconference held on December 21, 2011 • Linked from (3)	0.1MB
41531551	12/22/2011 10:59 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	319 Order	Granted (Proposed Order Vacating the Final Order and Judgment) • Linked to (1) • Linked from (3)	0.1MB
41524486	12/21/2011 5:27 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	318 Proposed Order  Certificate of Service	Proposed Order Vacating the Final Order and Judgment • Linked to (4) • Linked from (2) Certificate of Service to the Proposed Order Vacating the Final Order and Judgment	0.1MB  0.1MB
41493714	12/20/2011 3:14 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	317 Order	Granted ((Stipulated and Proposed) Final Order and Judgment) • Linked to (1) • Linked from (2)	0.1MB

41493592	12/20/2011 3:13 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	316 Opinion	Revised Opinion • Linked from (2)	0.3MB
41493312	12/20/2011 3:10 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	314 Letter 315 Exhibits	Letter to counsel  two revised pages of the post-trial opinion	0.1MB  0.1MB
41492097	12/20/2011 2:35 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	313 Stipulation & (Proposed) Order  Letter	(Stipulated and Proposed) Final Order and Judgment • Linked to (8) • Linked from (3)  Ronald A. Brown, Jr.'s Letter to Chancellor Strine on Behalf of the Parties with the (Stipulated and Proposed) Final Order and Judgment	0.1MB  0.1MB
41465211	12/19/2011 1:36 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	312 Judicial Action Form	Oral Argument for Plaintiff's Fee Application held before Chancellor Strine on December 19, 2011. • Linked to (2) • Linked from (6)	0.1MB
41385767	12/14/2011 10:30 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	309 Order  310 Order	Granted ((Proposed) Order for Admission Pro Hac Vice of Bruce D. Angiolillo on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout) • Linked to (1)  Granted ((Proposed) Order for Admission Pro Hac Vice of Jonathan K. Youngwood on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout) • Linked to (1)	0.1MB  0.1MB

					311 Order	Granted ((Proposed) Order for Admission Pro Hac Vice of Craig S. Waldman on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout)	0.1MB
						• Linked to (1)	
41360704	12/13/2011 11:23 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsht & Tunnell LLP- Wilmington	306 Motion for Pro Hac Vice	Motion for Admission Pro Hac Vice of Bruce D. Angiolillo on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout (and Certificate of Service)	0.1MB
						• Linked to (3)	
					307 Motion for Pro Hac Vice	Motion for Admission Pro Hac Vice of Jonathan K. Youngwood on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout (and Certificate of Service)	0.1MB
					308 Motion for Pro Hac Vice	Motion for Admission Pro Hac Vice of Craig S. Waldman on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout (and Certificate of Service)	0.1MB
					Certification for Pro Hac Vice	Certification of Bruce D. Angiolillo	0.1MB

					Proposed Order for Pro Hac Vice	(Proposed) Order for Admission Pro Hac Vice of Bruce D. Angiolillo on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout	0.1MB
						<ul style="list-style-type: none"><li>• Linked from (1)</li></ul>	
					Certification for Pro Hac Vice	Certification of Jonathan K. Youngwood	0.1MB
					Proposed Order for Pro Hac Vice	(Proposed) Order for Admission Pro Hac Vice of Jonathan K. Youngwood on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout	0.1MB
						<ul style="list-style-type: none"><li>• Linked from (1)</li></ul>	
					Certification for Pro Hac Vice	Certification of Craig S. Waldman	0.2MB
					Proposed Order for Pro Hac Vice	(Proposed) Order for Admission Pro Hac Vice of Craig S. Waldman on behalf of defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout	0.1MB
						<ul style="list-style-type: none"><li>• Linked from (1)</li></ul>	
40968914	11/18/2011 2:48 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	304 Reply Brief	Plaintiff's Corrected Reply to Defendants' Answering Briefs in Opposition to Plaintiff's Petition for Attorneys' Fees and Expenses with Certificate of Service	0.1MB
						<ul style="list-style-type: none"><li>• Linked to (5)</li><li>• Linked from (1)</li></ul>	
					305 Letter	Ronald A. Brown, Jr.'s Letter to Chancellor Strine with Plaintiff's Corrected	0.1MB



						Reply to Defendants' Answering Briefs in Opposition to Plaintiff's Petition for Attorneys' Fees and Expenses	
					Exhibits	<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul>	
						Exhibit A to Plaintiff's Corrected Reply to Defendants' Answering Briefs in Opposition to Plaintiff's Petition for Attorneys' Fees and Expenses (Blackline Version of Reply Showing Corrections)	0.1MB
40934801	11/17/2011 12:52 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	302 Compendium	Compendium of Unreported Opinions to Plaintiff's Reply to Defendants' Answering Briefs in Opposition to Plaintiff's Petition for Attorneys' Fees and Expenses with Certificate of Service	0.9MB
					303 Letter	<ul style="list-style-type: none"> <li>• Linked to (2)</li> </ul>	
						Ronald A. Brown, Jr.'s Letter to Chancellor Strine with Plaintiff's Reply to Defendants' Answering Briefs in Opposition to Plaintiff's Petition for Attorneys' Fees and Expenses and Supporting Papers	0.1MB
40919015	11/17/2011 12:02 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	301 Reply Brief	<ul style="list-style-type: none"> <li>• Linked to (2)</li> </ul>	
						Plaintiff's Reply to Defendants' Answering Briefs in Opposition to Plaintiff's Petition for Attorneys' Fees and Expenses with Certificate of Service	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (5)</li> <li>• Linked from (3)</li> </ul>	
40890377	11/15/2011 1:02 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	300 Letter	Marcus E. Montejo's Letter to Chancellor Strine on Behalf of the Parties Confirming Oral Argument on Plaintiff's Petition for Attorneys' Fees and Expenses	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (6)</li> <li>• Linked from (1)</li> </ul>	
40888594	11/15/2011 12:22 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	299 Order	Granted (Stipulated Briefing Schedule and (Proposed) Order on Plaintiff's Petition for Attorneys' Fees and Expenses)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (5)</li> </ul>	
40870683	11/14/2011 3:58 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Andrew D Cordo, Ashby & Geddes	298 Letter	Letter to the Honorable Leo E. Strine, Jr. from Andrew D. Cordo, Esquire regarding a correction to page 11 of Nominal Defendant's Answering Brief in Opposition to Plaintiff's Petition for Attorneys' Fees	0.1MB

40865141	11/14/2011 1:43 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	297 Affidavit	and Expenses filed on November 11, 2011	
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul> Affidavit of James C. Meehan and Certificate of Service in Support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Petition For Attorneys' Fees and Expenses	0.2MB
40850327	11/11/2011 3:18 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	296 Letter	<ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (1)</li> </ul> Exhibits 1 and 2 To The Affidavit of James C. Meehan in Support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Petition For Attorneys' Fees and Expenses	0.5MB
						Letter To The Honorable Leo E. Strine, Jr. From Kevin M. Coen Enclosing Courtesy Copies of AMC Defendants' Answering Brief, Affidavit of James C. Meehan and Compendium of Unreported Cases and Transcripts in Opposition To Plaintiff's Petition For Attorneys' Fees and Expenses	0.1MB
40850023	11/11/2011 3:04 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Andrew D Cordo, Ashby & Geddes	295 Answering Brief	<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul> Answering Brief of Nominal Defendant Southern Peru Copper Corporation In Opposition to Plaintiff's Petition For Attorneys' Fees and Expenses	0.1MB
					Exhibits	<ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (5)</li> </ul> Exhibit A to Answering Brief of Nominal Defendant Southern Peru Copper Corporation In Opposition to Plaintiff's Petition For Attorneys' Fees and Expenses	0.1MB
					Certificate of Service	Certificate of Service to Answering Brief of Nominal Defendant Southern Peru Copper Corporation In Opposition to Plaintiff's Petition For Attorneys' Fees and Expenses	0.1MB
					Letter	Letter to The Honorable Leo E. Strine, Jr. from Andrew D. Cordo enclosing Answering Brief of Nominal Defendant Southern Peru Copper Corporation In Opposition to Plaintiff's Petition For Attorneys' Fees and Expenses and supporting compendium and disk	0.1MB

40847228	11/11/2011 11:53 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsh & Tunnell LLP- Wilmington	294 Answering Brief	AMC Defendants' Answering Brief In Opposition To Plaintiff's Petition For Attorneys' Fees and Expenses and Certificate of Service	0.1MB
40744454	11/7/2011 9:17 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	293 Order	Granted (Stipulated Briefing Schedule and (Proposed) Order on Plaintiff's Petition for Attorneys' Fees and Expenses (Revised))	0.1MB
40737483	11/4/2011 4:53 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	292 Stipulation & (Proposed) Order	Stipulated Briefing Schedule and (Proposed) Order on Plaintiff's Petition for Attorneys' Fees and Expenses (Revised)	0.1MB
40666173	11/3/2011 12:24 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	291 Stipulation & (Proposed) Order	Stipulated Briefing Schedule and (Proposed) Order on Plaintiff's Petition for Attorneys' Fees and Expenses	0.1MB
40587044	10/28/2011 3:35 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Petition for Attorneys' Fees and Expenses with Certificate of Service	2.8MB
40586888	10/28/2011 3:27 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	286 Petition - Other Than a New Case	Plaintiff's Petition for Attorneys' Fees and Expenses with Certificate of Service	0.1MB
					287 Affidavit	Affidavit of Ronald A. Brown, Jr. in Support of Plaintiff's Petition for Attorneys' Fees and Expenses with Certificate of Service	0.1MB
					288 Proposed Order	Plaintiff's Proposed Form of Final Order and Judgment (Without Dividend)	0.1MB
					289 Proposed Order	Plaintiff's Proposed Form of Final Order and Judgment (With Dividend)	0.1MB
					290 Letter	Ronald A. Brown, Jr.'s Letter to Chancellor Strine on Behalf of Plaintiff with	0.1MB

						(1) Plaintiff's Petition for Attorneys' Fees and Expenses and Supporting Papers, and (2) Plaintiff's Proposed Forms of Final Order and Judgment	
					Exhibits	<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul> Exhibit A to the Affidavit of Ronald A. Brown, Jr. in Support of Plaintiff's Petition for Attorneys' Fees and Expenses	0.1MB
					Certificate of Service	Certificate of Service to Plaintiff's Proposed Form of Final Order and Judgment	0.1MB
					Certificate of Service	Certificate of Service to Plaintiff's Proposed Form of Final Order and Judgment	0.1MB
					Exhibits	Exhibits A through D to Ronald A. Brown, Jr.'s Letter to Chancellor Strine on Behalf of Plaintiff with (1) Plaintiff's Petition for Attorneys' Fees and Expenses and Supporting Papers, and (2) Plaintiff's Proposed Forms of Final Order and Judgment	0.1MB
40583820	10/27/2011 12:29 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsht & Tunnell LLP- Wilmington	285 Letter	Letter to Chancellor Strine from S. Mark Hurd in response to Ronald A. Brown, Jr.'s October 21, 2011 letter regarding calculation of damages	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (3)</li> </ul>	
40495108	10/21/2011 3:20 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	284 Letter	Letter to Chancellor Strine from Ronald A. Brown, Jr. regarding calculation of damages in Opinion in In re Southern Peru Copper Corp. S'holder Litig.	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (4)</li> </ul>	
40371064	10/14/2011 4:35 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	283 Letter Decision	Letter Decision	0.1MB
40370409	10/14/2011 4:30 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	282 Opinion	Opinion	0.3MB
						<ul style="list-style-type: none"> <li>• Linked from (11)</li> </ul>	
40241562	10/7/2011 11:23 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	281 Letter	Ronald A. Brown, Jr.'s Letter to Chancellor Strine on behalf of Plaintiff with CD Containing Files Requested by the Court on October 5, 2011	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (5)</li> </ul>	

40204657	10/5/2011 4:11 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	280 Letter	Letter to Counsel. • Linked from (1)	0.1MB
38798193	7/20/2011 4:59 PM EDT	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Jeanne K Cahill, DE Court of Chancery Civil Action	275 Official Transcript (Addl Fees Apply) 276 Official Transcript (Addl Fees Apply) 277 Official Transcript (Addl Fees Apply) 278 Official Transcript (Addl Fees Apply) 279 Official Transcript (Addl Fees Apply)	Transcript of Pretrial Conference dated June 15, 2011 Trial Transcript Volume I dated June 21, 2011 • Linked from (1) Trial Transcript Volume II dated June 22, 2011 • Linked from (1) Trial Transcript Vol III dated June 23, 2011 • Linked from (1) Trial Transcript Volume IV dated June 24, 2011 • Linked from (1)	0.1MB 0.4MB 0.1MB 0.2MB 0.1MB
38709315	7/15/2011 4:57 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	274 Letter  Exhibits	Plaintiff's Letter Submission as Requested by the Court Following Post-Trial Oral Argument • Linked to (6) Exhibits 1 through 6 to Plaintiff's Letter Submission as Requested by the Court Following Post-Trial Oral Argument	0.1MB 0.9MB
38723125	7/15/2011 4:55 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	273 Letter  Exhibits	Letter from Kevin Coen to Chancellor Strine regarding post-closing evidence • Linked to (1) Exhibits A-C to letter from Kevin Coen to Chancellor Strine	1.8MB 3.0MB
38671524	7/13/2011 3:26 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	272 Judicial Action Form	Post-Trial Oral Argument held before Chancellor Leo E. Strine, Jr., on July 12, 2011 - Decision: Chancellor would welcome short to the point letters - non- argumentative, by Friday July 15, 2011. See Transcript For Details. • Linked to (1) • Linked from (2)	0.1MB
38581353	7/8/2011 12:00 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	269 Brief  270 Table of Contents	AMC Defendants' Post-Trial Answering Brief (and Certificate of Service) • Linked to (1) • Linked from (1) AMC Defendants' Compendium of Unreported Opinions Cited in Their Post -Trial Answering Brief (and Certificate of Service)	0.1MB 0.5MB

					271 Letter	Letter from Kevin M. Coen to Chancellor Strine enclosing courtesy copies of AMC Defendants' Post-Trial Answering Brief and Compendium	0.2MB
					Exhibits	Exhibit A to AMC Defendants' Post-Trial Answering Brief	0.3MB
					Exhibits	Tabs 1-4 to AMC Defendants' Compendium of Unreported Opinions Cited in Their Post-Trial Answering Brief	1.2MB
38576829	7/8/2011 11:58 AM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Post-Trial Answering Brief	0.6MB
38555066	7/8/2011 11:58 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	267 Answering Brief	Plaintiff's Post-Trial Answering Brief with Certificate of Service <ul style="list-style-type: none"> <li>• Linked to (4)</li> <li>• Linked from (1)</li> </ul>	0.1MB
					268 Letter	Marcus E. Montejo's Letter to Chancellor Strine with Plaintiff's Post-Trial Answering Brief and Supporting Papers	0.1MB
38482131	7/1/2011 4:19 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP-Wilmington	266 Letter	Letter to the Honorable Leo E. Strine, Jr. from Kevin Coen, Esq. on behalf of Defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout enclosing courtesy copies of (i) Defendants' Post-Trial Opening Brief, (ii) Compendium of Unreported Cases, and (iii) Compendium of Sources Supporting Relative Valuation <ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	0.3MB
38463883	7/1/2011 12:37 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Post-Trial Opening Brief with Certificate of Service	1.3MB
38471764	7/1/2011 12:21 PM EDT	File And Serve	961-CS CONF ORDER In re:	Marcus E Montejo, Prickett	265 Exhibits	Exhibit A to Plaintiff's Post-Trial Opening Brief <ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	2.3MB

			Southern Peru Jones & Elliott Copper Corp Shareholder Derivative Litigation		Certificate of Service	Certificate of Service to Exhibit A to Plaintiff's Post-Trial Opening Brief	0.1MB
38463660	7/1/2011 12:05 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	263 Brief	Plaintiff's Post-Trial Opening Brief with Certificate of Service	0.1MB
					264 Letter	<ul style="list-style-type: none"> <li>• Linked to (7)</li> <li>• Linked from (4)</li> </ul> Marcus E. Montejo's Letter to Chancellor Strine with Plaintiff's Post-Trial Opening Brief	0.1MB
38469534	7/1/2011 11:45 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	262 Brief	Defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's Post-Trial Opening Brief	0.2MB
					Certificate of Service	Certificate of Service for Defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's Post-Trial Opening Brief	0.2MB
38414510	6/29/2011 12:10 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	261 Judicial Action Form	Trial held before Chancellor Leo E. Strine, Jr., on June 21st thru 24, 2011 - Decision: Reserved.	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (2)</li> </ul>	
38407212	6/29/2011 9:09 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	260 Order	Granted (Stipulated Scheduling Order Governing Post-Trial Briefing and Argument)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (5)</li> </ul>	
38394615	6/28/2011 2:56 PM EDT	File Only	Multi-Case	Neith Ecker, DE Court of Chancery Civil Action	259 Official Transcript (Addl Fees Apply)	Oral Argument on Plaintiffs' Motion to Exclude held on April 25, 2011	0.1MB
38355538	6/27/2011 12:43 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp	Marcus E Montejo, Prickett Jones & Elliott	258 Stipulation & (Proposed) Order	Stipulated Scheduling Order Governing Post-Trial Briefing and Argument	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (6)</li> <li>• Linked from (2)</li> </ul>	

			Shareholder Derivative Litigation				
38280061	6/22/2011 11:53 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	257 Judicial Action Form	Pre-Trial Teleconference heard by Vice Chancellor Leo E. Strine, Jr., on June 15, 2011 - Decision: See Transcript For Details. • Linked to (1) • Linked from (1)	0.1MB
38275748	6/22/2011 9:56 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	256 Order	Granted (Joint Pretrial Stipulation and Order) • Linked to (1) • Linked from (3)	0.2MB
38243405	6/20/2011 5:16 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	255 Letter	Marcus E. Montejo's Letter to Vice Chancellor Strine with the Parties' Revised Joint Trial Exhibit List and DVDs of Video Depositions • Linked to (6)	0.1MB
					Exhibits	Exhibit to Marcus E. Montejo's Letter to Vice Chancellor Strine (Parties' Revised Joint Trial Exhibit List)	0.1MB
38241452	6/20/2011 5:08 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	254 Notice	Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions with Certificate of Service • Linked to (7)	0.1MB
					Exhibits	Exhibits 1 (HAROLD S. HANDELSMAN) and 2 (XAVIER TOPETE) to Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions	1.8MB
					Exhibits	Exhibits 3 (ARMANDO GOMEZ) and 4 (CARLOS SACRISTAN) to Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions	5.1MB
					Exhibits	Exhibits 5 (MARTIN SANCHEZ) and 6 (THOMAS PARKER) to Plaintiff's Re- Notice of Lodging of Deposition Transcripts and Video Depositions	4.1MB
					Exhibits	Exhibits 7 (OSCAR ROCHA) and 8 (LUIS BONILLA) to Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions	5.5MB
					Exhibits	Exhibits 9 (GERM MOTA- VELASCO) and 10	2.6MB



						(GILBERTO PEREZALONSO) to Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions	
					Exhibits	Exhibits 11 (DANIEL BEAULNE) and 12 (EDUARDO SCHWARTZ) to Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions	2.0MB
					Exhibits	Exhibit 13 (RAUL JACOB) to Plaintiff's Re-Notice of Lodging of Deposition Transcripts and Video Depositions	0.2MB
38217595	6/17/2011 6:58 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	253 Letter	Marcus E. Montejos Letter to Vice Chancellor Strine with the Parties' Joint Trial Exhibit List • Linked to (6)	0.1MB
					Exhibits	Exhibit to Marcus E. Montejo's Letter to Vice Chancellor Strine (Parties' Joint Trial Exhibit List)	0.1MB
38183713	6/16/2011 3:12 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsh & Tunnell LLP- Wilmington	252 Notice	AMC Defendants' Notice Of Lodging Of The Deposition Of Michael Theriault and Certificate of Service • Linked to (1)	0.1MB
					Exhibits	Exhibit 1 To AMC Defendants' Notice Of Lodging Of The Deposition Of Michael Theriault	0.9MB
38149939	6/15/2011 10:19 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	251 Letter	Plaintiff's Letter to Vice Chancellor Strine with Courtesy Copies of Joint Pretrial Stipulation and Order and Plaintiff's Letter Objection • Linked to (3)	0.1MB
38149699	6/15/2011 10:08 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	250 Letter	Plaintiff's Letter Objection Regarding Defendants' Intended Request to Modify Trial Schedule • Linked to (2) • Linked from (1)	0.1MB
					Exhibits	Exhibit A and B to Plaintiff's Letter Objection Regarding Defendants' Intended Request to Modify Trial Schedule	0.2MB
					Exhibits	Exhibit C to Plaintiff's Letter Objection Regarding Defendants' Intended Request to Modify Trial Schedule (FILED UNDER SEAL)	0.2MB
38136569	6/14/2011 4:21 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru	Marcus E Montejo, Prickett	249 Stipulation & (Proposed) Order	Joint Pretrial Stipulation and Order • Linked to (5) • Linked from (6)	0.1MB

38107477	6/13/2011 3:28 PM EDT	File And Serve	Copper Corp Shareholder Derivative Litigation 961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Jones & Elliott Marcus E Montejo, Prickett Jones & Elliott	248 Notice of Deposition	Plaintiff's Notice of Deposition of Raul Jacob with Certificate of Service • Linked to (5)	0.1MB
38070901	6/10/2011 10:17 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	247 Letter	Letter To The Honorable Leo E. Strine, Jr. From Kevin M. Coen Sending Courtesy Copies of AMC Defendants' Pre-Trial Answering Brief and Compendium Of Unreported Cases • Linked to (1)	0.1MB
38069292	6/9/2011 9:28 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	246 Pretrial Brief	Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's PreTrial Answering Brief • Linked to (1) • Linked from (9)	0.1MB
					Exhibits	Exhibits 1 to 2 to Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's PreTrial Answering Brief	0.4MB
					Certificate of Service	Certificate of Service to Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's PreTrial Answering Brief	0.1MB

38062067	6/9/2011 6:44 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Pre- Trial Answering Brief	1.7MB
38061497	6/9/2011 6:43 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	243 Answering Brief	Plaintiff's Pre-Trial Answering Brief with Certificate of Service (FILED UNDER SEAL) • Linked to (5) • Linked from (7)	0.1MB
					244 Affidavit	Supplemental Transmittal Affidavit of Marcus E. Montejo with Certificate of Service (FILED UNDER SEAL)	0.1MB
					245 Letter	Marcus E. Montejo's Letter to Vice Chancellor Strine with Plaintiff's Pre-Trial Answering Brief and Supporting Papers	0.1MB
					Exhibits	Exhibits 46 to 54 to the Supplemental Transmittal Affidavit of Marcus E. Montejo (FILED UNDER SEAL)	3.9MB
38037385	6/8/2011 7:20 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	242 Notice	Plaintiff's Notice of Lodging of Deposition Transcripts with Certificate of Service (FILED UNDER SEAL) • Linked to (3) • Linked from (2)	0.1MB
					Exhibits	Exhibits 1-2 to Plaintiff's Notice of Lodging of Deposition Transcripts (FILED UNDER SEAL)	2.2MB
					Exhibits	Exhibits 3-4 to Plaintiff's Notice of Lodging of Deposition Transcripts (FILED UNDER SEAL)	6.0MB
					Exhibits	Exhibits 5-6 to Plaintiff's Notice of Lodging of Deposition Transcripts (FILED UNDER SEAL)	4.1MB
					Exhibits	Exhibits 7-8 to Plaintiff's Notice of Lodging of Deposition Transcripts (FILED UNDER SEAL)	5.8MB
					Exhibits	Exhibits 9-10 to Plaintiff's Notice of Lodging of Deposition Transcripts (FILED UNDER SEAL)	3.6MB
					Exhibits	Exhibits 11-12 to Plaintiff's Notice of Lodging of Deposition Transcripts (FILED UNDER SEAL)	0.4MB
37924165	6/2/2011 3:17 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	241 Notice	Plaintiff's Notice of Firm Name Change of Barroway Topaz Kessler Meltzer & Check, LLP with Certificate of Service • Linked to (2)	0.1MB

37568126	5/13/2011 10:30 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	240 Letter	Letter To The Honorable Leo E. Strine, Jr. From Kevin M. Coen Enclosing Courtesy Copies Of AMC Defendants' Pre-Trial Brief And Compendium • Linked to (1)	0.1MB
37565011	5/12/2011 11:01 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	239 Pretrial Brief	AMC Defendants' PreTrial Brief (FILED UNDER SEAL) with Certificate of Service • Linked to (1) • Linked from (11)	0.1MB
					Exhibits	Exhibit 1, Part 1 of 2, In Support Of AMC Defendants' PreTrial Brief	7.6MB
					Exhibits	Exhibit 1, Part 2 of 2, In Support Of AMC Defendants' PreTrial Brief	7.0MB
					Exhibits	Exhibits 2 to 4 In Support Of AMC Defendants' PreTrial Brief	3.4MB
37533557	5/12/2011 7:31 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Pre- Trial Opening Brief	1.6MB
37538529	5/12/2011 7:27 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	236 Pretrial Brief	Plaintiff's Pre-Trial Opening Brief with Certificate of Service (FILED UNDER SEAL) • Linked to (4) • Linked from (9)	0.2MB
					237 Affidavit	Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre- Trial Opening Brief (FILED UNDER SEAL)	0.1MB
					238 Letter	Marcus E. Montejo's Letter to Vice Chancellor Strine with Plaintiff's Pre-Trial Opening Brief	0.1MB
					Exhibits	Exhibits 1 through 4 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre- Trial Opening Brief (FILED UNDER SEAL)	2.9MB
					Exhibits	Exhibit 5 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief (FILED UNDER SEAL)	3.6MB
					Exhibits	Exhibit 6 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief (FILED UNDER SEAL)	1.0MB
					Exhibits	Exhibits 7 through 19 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre- Trial Opening Brief (FILED UNDER SEAL)	4.4MB

					Exhibits	Exhibits 20 through 26 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief (FILED UNDER SEAL)	6.4MB
					Exhibits	Exhibits 27 through 35 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief (FILED UNDER SEAL)	2.5MB
					Exhibits	Exhibits 36 through 43 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief (FILED UNDER SEAL)	1.2MB
					Exhibits	Exhibits 44 through 45 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief (FILED UNDER SEAL)	0.8MB
					Certificate of Service	Certificate of Service to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Pre-Trial Opening Brief	0.1MB
37501189	5/10/2011 2:56 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	235 Order	Granted (Order Granting The Special Committee Defendants' Motion for Summary Judgment) • Linked to (1) • Linked from (1)	0.1MB
37488108	5/10/2011 10:10 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Raymond J DiCamillo, Richards Layton & Finger PA-Wilmington	233 Letter	Letter dated May 10, 2011 to The Honorable Leo E. Strine, Jr. from Raymond J. DiCamillo re: Order Granting the Special Committee Defendants' Motion for Summary Judgment • Linked to (1)	0.3MB
					234 Proposed Order	Order Granting The Special Committee Defendants' Motion for Summary Judgment • Linked to (1) • Linked from (1)	0.1MB
37220685	4/25/2011 2:46 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	232 Judicial Action Form	April 25, 2011, Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants held before Vice Chancellor Strine. Decision by Court: See Transcript for entire ruling on the record; Counsel to file a Stipulation and Proposed Order in reference to Discovery issue discussed at the Oral Argument. • Linked to (2)	0.1MB

36731571	3/29/2011 11:42 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	231 Letter	Marcus E. Montejo's Letter to Vice Chancellor Strine on behalf of the Parties Confirming Oral Argument on Plaintiff's Motion to Strike, or in the Alternative, Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants • Linked to (6)	0.1MB
36532806	3/17/2011 5:55 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Reply Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	1.0MB
36532141	3/17/2011 5:49 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	230 Reply Brief	Plaintiff's Reply Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants (FILED UNDER SEAL) • Linked to (8) • Linked from (1)	0.1MB
					Exhibits	Exhibits A and B to Plaintiff's Reply Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants (FILED UNDER SEAL)	0.3MB
					Certificate of Service	Certificate of Service to Plaintiff's Reply Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
36423344	3/11/2011 2:32 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	228 Redacted Document	[Redacted Public Version] Special Committee Defendants' Brief in Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants • Linked to (3)	0.1MB
					229 Certificate of Rule 5(G)	Certification Pursuant to Rule 5(g) to [Redacted Public Version] Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the	0.1MB

						Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	
						• Linked to (3)	
				Certificate of Service		Certificate of Service to [Redacted Public Version] Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
				Certificate of Service		Certificate of Service to Certification Pursuant to Rule 5(g) to [Redacted Public Version] Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
36372871	3/9/2011 2:03 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	227 Letter	Letter to The Honorable Leo E. Strine, Jr. from Kevin M. Gallagher enclosing two courtesy copies of the Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants, as filed with the Court on Tuesday, March 8, 2011.	0.3MB
						• Linked to (2)	
36360851	3/9/2011 12:33 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	225 Answering Brief	Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants [FILED UNDER SEAL]	0.1MB
						• Linked to (5)	
						• Linked from (5)	
					226 Affidavit	Affidavit of Adrienne K. Eason Wheatley, Esq., to the Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants [FILED UNDER SEAL]	0.1MB
						• Linked to (5)	
						• Linked from (2)	

					Certificate of Service	Certificate of Service to the Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants [FILED UNDER SEAL]	0.1MB
					Exhibits	Exhibits 1 - 5 to the Affidavit of Adrienne K. Eason Wheatley, Esq., to the Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants [FILED UNDER SEAL]	0.4MB
					Certificate of Service	Certificate of Service to Affidavit of Adrienne K. Eason Wheatley, Esq., to the Special Committee Defendants' Opposition to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants [FILED UNDER SEAL]	0.1MB
36352086	3/8/2011 4:18 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	224 Letter	Letter To The Honorable Leo E. Strine, Jr. From Kevin M. Coen Enclosing Courtesy Copies of AMC Defendants' Answering Brief In Opposition To Motion To Strike Or In The Alternative Reopen And Compel Discovery And Vacate Order Dismissing Special Committee Defendants	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (3)</li> </ul>	
36350327	3/8/2011 3:56 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	223 Answering Brief	AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion To Strike Or In The Alternative Reopen And Compel Discovery And Vacate Order Dismissing Special Committee Defendants and Certificate of Service	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (6)</li> </ul>	
36087204	2/23/2011 9:04 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	222 Order	Granted (Stipulation and Proposed Scheduling Order Governing Briefing on Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (4)</li> </ul>	



36077848	2/22/2011 4:51 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	221 Stipulation & (Proposed) Order	Stipulation and Proposed Scheduling Order Governing Briefing on Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants • Linked to (3) • Linked from (3)	0.1MB
35933686	2/14/2011 1:28 PM EST	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.5MB
35901812	2/11/2011 5:51 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	216 Motion	Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants • Linked to (2) • Linked from (8)	0.1MB
					217 Opening Brief	Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants • Linked from (5)	0.1MB
					218 Affidavit	Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants • Linked from (1)	0.1MB
					219 Appendix	Compendium of Exhibits in Support of Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.9MB
					220 Appendix	Compendium of Deposition Transcripts (Volume I) in Support of Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	3.8MB

Certificate of Service	Certificate of Service to Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
Certificate of Service	Certificate of Service to Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
Exhibits	Exhibits A, B and C to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	1.8MB
Exhibits	Exhibit D to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
Exhibits	Exhibit E to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	3.1MB
Exhibits	Exhibits F and G to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.9MB
Exhibits	Exhibit H to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
Exhibits	Exhibits I and J to the Transmittal Affidavit of Marcus E. Montejo in	0.4MB

						Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	
				Certificate of Service		Certificate of Service to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
				Certificate of Service		Certificate of Service to Compendium of Exhibits in Support of Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
				Appendix		Compendium of Deposition Transcripts (Volume II) in Support of Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	3.0MB
				Certificate of Service		Certificate of Service to the Compendium of Deposition Transcripts in Support of Plaintiff's Opening Brief in Support of its Motion to Strike or in the Alternative Reopen and Compel Discovery and Vacate Order Dismissing Special Committee Defendants	0.1MB
35883012	2/10/2011 4:55 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	215 Order	Granted (Stipulation and Proposed Scheduling Order Governing Trial) • Linked to (1) • Linked from (17)	0.1MB
35881084	2/10/2011 4:33 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	214 Stipulation & (Proposed) Order	Stipulation and Proposed Scheduling Order Governing Trial • Linked to (3) • Linked from (1)	0.1MB
35541815	1/24/2011 4:08 PM EST	File Only	961-CS CONF ORDER In re: Southern Peru	Bill Dawson, DE Court of	213 Official Transcript (Addl Fees Apply)	Argument and Ruling on Cross-Motions for Summary Judgment - December 21, 2010	0.3MB

			Copper Corp Shareholder Derivative Litigation	Chancery Civil Action		<ul style="list-style-type: none"><li>• Linked from (3)</li></ul>	
35476889	1/20/2011 1:19 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	212 Order	Granted (Proposed Order Granting Plaintiff's Motion for the Pro Hac Vice Admission of Lee D. Rudy) <ul style="list-style-type: none"><li>• Linked to (1)</li></ul>	0.1MB
35470490	1/20/2011 11:25 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	211 Motion for Pro Hac Vice	Plaintiff's Motion for the Pro Hac Vice Admission of Lee D. Rudy <ul style="list-style-type: none"><li>• Linked to (5)</li></ul>	0.1MB
					Certification for Pro Hac Vice	Certification of Lee D. Rudy	0.1MB
					Proposed Order for Pro Hac Vice	Proposed Order Granting Plaintiff's Motion for the Pro Hac Vice Admission of Lee D. Rudy <ul style="list-style-type: none"><li>• Linked from (1)</li></ul>	0.1MB
					Certificate of Service	Certificate of Service to Plaintiff's Motion for the Pro Hac Vice Admission of Lee D. Rudy	0.1MB
35361139	1/14/2011 10:52 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	210 Letter	Marcus E. Montejo's Letter to Vice Chancellor Strine on Behalf of the Parties Confirming Trial Dates <ul style="list-style-type: none"><li>• Linked to (5)</li></ul>	0.1MB
34978752	12/21/2010 3:02 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	209 Judicial Action Form	Oral Argument on Summary Judgment heard by Vice Chancellor Leo E. Strine, Jr., on December 21, 2010 - Decision: See Transcripts For Court Ruling <ul style="list-style-type: none"><li>• Linked to (1)</li><li>• Linked from (2)</li></ul>	0.1MB
34045339	10/27/2010 2:38 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arshnt & Tunnell LLP- Wilmington	208 Redacted Document	Redacted Version Of AMC Defendants' Reply Brief In Support Of Their Cross Motion For Summary Judgment Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness and Certificate of Service <ul style="list-style-type: none"><li>• Linked to (1)</li></ul>	0.6MB
					Certificate of Rule 5(G)	Certification Pursuant To Court of Chancery Rule 5(g) (5) and Certificate of Service <ul style="list-style-type: none"><li>• Linked to (1)</li></ul>	0.1MB
34010489	10/26/2010 3:29 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	206 Redacted Document	REDACTED PUBLIC VERSION - Reply Brief in Support of The Special Committee Defendants' Cross Motion for Summary Judgment <ul style="list-style-type: none"><li>• Linked to (1)</li></ul>	0.6MB

			Derivative Litigation		207 Certificate of Rule 5(G)	Certification Pursuant to Rule 5(G) regarding REDACTED PUBLIC VERSION - Reply Brief in Support of The Special Committee Defendants' Cross Motion for Summary Judgment • Linked to (1)	0.1MB
					Certificate of Service	Certificate of Service to REDACTED PUBLIC VERSION - Reply Brief in Support of The Special Committee Defendants' Cross Motion for Summary Judgment	0.1MB
					Certificate of Service	Certificate of Service to Certification Pursuant to Rule 5(G) regarding REDACTED PUBLIC VERSION - Reply Brief in Support of The Special Committee Defendants' Cross Motion for Summary Judgment	0.1MB
33863410	10/18/2010 3:24 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	Appendix	Compendium of Unreported Opinions Cited in AMC Defendants' Reply Brief in Support of Their Cross Motion For Summary Judgment Or, In the Alternative, For A Determination That Plaintiff Bears The Burden of Proof As To Entire Fairness with Certificate of Service • Linked to (1)	5.9MB
33852772	10/18/2010 11:05 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	205 Letter	Letter dated 10-18-2010 to Vice Chancellor Strine from Kevin M. Gallagher enclosing courtesy copies of the Special Committee Defendants' Reply Brief In Support of the Special Committee Defendants' Cross Motion for Summary Judgment, as filed with the Court on Friday, October 15, 2010. • Linked to (2)	0.3MB
33851362	10/18/2010 10:23 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	204 Letter	Letter from Kevin M. Coen to Vice Chancellor Strine enclosing courtesy copies of AMC Defendants' Reply Brief in Support of their Cross Motion for Summary Judgment or, in the Alternative, for a Determination that Plaintiff Bears the Burden of Proof as to Entire Fairness and supporting appendix • Linked to (1)	0.1MB
33845456	10/15/2010 10:27 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp	Kevin M Gallagher, Richards Layton & Copper Corp	203 Reply Brief	Reply Brief in Support of the Special Committee Defendants Cross Motion for Summary Judgment (FILED UNDER SEAL)	0.1MB

			Shareholder Derivative Litigation	Finger PA- Wilmington		<ul style="list-style-type: none"> <li>• Linked to (3)</li> <li>• Linked from (4)</li> </ul>	
					Certificate of Service	Certificate of Service of Reply Brief in Support of the Special Committee Defendants Cross Motion for Summary Judgment	0.1MB
33844432	10/15/2010 7:56 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	202 Reply Brief	AMC Defendants' Reply Brief In Support Of Their Cross Motion For Summary Judgment Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness (FILED UNDER SEAL)	0.1MB
					Certificate of Service	<ul style="list-style-type: none"> <li>• Linked to (6)</li> <li>• Linked from (4)</li> </ul> Certificate of Service to AMC Defendants' Reply Brief In Support Of Their Cross Motion For Summary Judgment Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness	0.1MB
					Appendix	Appendix A and B to AMC Defendants' Reply Brief In Support Of Their Cross Motion For Summary Judgment Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness (FILED UNDER SEAL)	0.1MB
					Certificate of Service	Certificate of Service to Appendix A and B to AMC Defendants' Reply Brief In Support Of Their Cross Motion For Summary Judgment Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness	0.1MB
33448126	9/24/2010 11:39 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	Compendium of Unreported Opinions to Plaintiff's Reply Brief in Support of Its Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment - Part 1	1.0MB
					Appendix	Compendium of Unreported Opinions to Plaintiff's Reply Brief in Support of Its Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment - Part 2	0.8MB

					Certificate of Service	Certificate of Service to Compendium of Unreported Opinions to Plaintiff's Reply Brief in Support of Its Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment	0.1MB
33448059	9/24/2010 11:13 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejó, Prickett Jones & Elliott	200 Brief	Plaintiff's Reply Brief in Support of His Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment	0.2MB
					201 Letter	<ul style="list-style-type: none"> <li>• Linked to (10)</li> <li>• Linked from (1)</li> </ul> Marcus E. Montejó's Letter to Vice Chancellor Strine with Plaintiff's Reply Brief in Support of His Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment	0.1MB
					Exhibits	Exhibit A to Plaintiff's Reply Brief in Support of His Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment	0.2MB
					Exhibits	Exhibit B to Plaintiff's Reply Brief in Support of His Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment	1.9MB
					Certificate of Service	Certificate of Service to Plaintiff's Reply Brief in Support of His Motion for Partial Summary Judgment and Answering Brief in Opposition to Defendants' Cross Motions for Summary Judgment	0.1MB
32839932	8/24/2010 4:38 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arshat & Tunnell LLP-Wilmington	199 Redacted Document	Plaintiff's Opening Brief In Support Of Their Motion For Partial Summary Judgment and Certificate of Service (Redacted)	0.8MB
					Certificate of Rule 5(G)	<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (1)</li> </ul> Certification Pursuant To Court Of Chancery Rule 5 (g)(5) and Certificate of Service	0.1MB
32802082	8/23/2010 11:19 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp	Kevin M Coen, Morris Nichols Arshat & Tunnell	198 Redacted Document	AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of	1.8MB

			Shareholder Derivative Litigation	LLP- Wilmington		Their Cross Motion For Summary Judgment Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness and Certificate of Service (Redacted)	
						<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul>	
					Certificate of Rule 5(G)	Certification Pursuant To Court Of Chancery Rule 5 (g)(5) and Certificate of Service	0.1MB
32798630	8/22/2010 2:43 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	196 Certificate of Rule 5(G)	Certification Pursuant to Rule 5(g)	0.1MB
					197 Redacted Document	<ul style="list-style-type: none"> <li>• Linked to (4)</li> </ul> Redacted Public Version of the Special Committee Defendants' Answering Brief in Opposition to Plaintiff's Motion for Partial Summary Judgment and Opening Brief in Support of the Special Committee Defendants' Motion for Summary Judgment	0.2MB
						<ul style="list-style-type: none"> <li>• Linked to (4)</li> <li>• Linked from (1)</li> </ul>	
					Certificate of Service	Certificate of Service to Cerification Pursuant to Ryle 5(g)	0.1MB
					Certificate of Service	Certificate of Service to the Redacted Public Version of the Special Committee Defendants' Answering Brief in Opposition to Plaintiff's Motion for Partial Summary Judgment and Opening Brief in Support of the Special Committee Defendants' Motion for Summary Judgment	0.1MB
32613837	8/11/2010 3:12 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA- Wilmington	195 Letter	Letter to Vice Chancellor Strine from Kevin Gallagher, Esq. enclosing courtesy copies of Special Committee Defendants' Answering Brief in Opposition to Plaintiff's Motion for Partial SummaryJudgement and Opening Brief in Support of the Special Committee Defendants' Motion for Summary Judgment	0.3MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	
32606631	8/11/2010 12:06 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	194 Letter	Letter To The Honorable Leo E. Strine, Jr. From Kevin M. Coen Enclosing Courtesy Copies Of The AMC Defendants' Cross- Motion For Summary Judgment, Or In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness, Answering Brief In	0.1MB



						Opposition To Plaintiff's Motion For Partial Summary Judgment and Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Compendium Of Unreported Opinions and supporting Affidavits of Kevin M. Coen	
						• Linked to (1)	
32600400	8/11/2010 1:27 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Gallagher, Richards Layton & Finger PA-Wilmington	192 Motion for Summary Judgment	Special Committee Defendants' Motion for Summary Judgment	0.1MB
						• Linked to (1)	
						• Linked from (6)	
					193 Answering Brief	Special Committee Defendants' Answering Brief in Opposition to Plaintiff's Motion for Partial Summary Judgment and Opening Brief in Support of the Special Committee Defendants' Motion for Summary Judgment (UNDER SEAL)	0.2MB
						• Linked to (1)	
						• Linked from (6)	
					Certificate of Service	Certificate of Service of Special Committee Defendants' Motion for Summary Judgment	0.1MB
						• Linked from (2)	
					Certificate of Service	Certificate of Service of Special Committee Defendants' Answering Brief in Opposition to Plaintiff's Motion for Partial Summary Judgment and Opening Brief in Support of the Special Committee Defendants' Motion for Summary Judgment	0.1MB
						• Linked from (2)	
32600443	8/10/2010 11:46 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arshnt & Tunnell LLP-Wilmington	191 Exhibits	Exhibit 18 [Part 1 of 2] to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	1.6MB
					Exhibits	Exhibits 18 [Part 2 of 2] to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening	1.9MB

						Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	
				Exhibits		Exhibits 19-20 to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	3.9MB
				Exhibits		Exhibits 21-32 to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	4.9MB
				Certificate of Service		Certificate of Service to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness]	0.1MB
32600426	8/10/2010 11:36 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsh & Tunnell LLP- Wilmington	190 Exhibits	Exhibits 7-10 to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	5.8MB

					Exhibits	Exhibits 11-13 to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	5.0MB
					Exhibits	Exhibits 14-16 to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	0.7MB
					Exhibits	Exhibits 17 to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	2.0MB
					Certificate of Service	Certificate of Service to Second Affidavit of Kevin M. Coen [in support of AMC Defendant's Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness]	0.1MB
32600365	8/10/2010 11:19 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder	Kevin M Coen, Morris Nichols Arsht & Tunnell	188 Exhibits	Exhibit G [Part 2 of 2] to Affidavit of Kevin M. Coen [in support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening	9.0MB

Derivative Litigation	LLP- Wilmington	Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness]	
	189 Affidavit	Second Affidavit of Kevin M. Coen Attaching Confidential Documents [in support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] and CERTIFICATE OF SERVICE [FILED UNDER SEAL]	0.2MB
	Exhibits	Exhibits H-Y to Affidavit of Kevin M. Coen [in support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness]	4.2MB
	Exhibits	Exhibits 1-3 to Second Affidavit of Kevin M. Coen Attaching Confidential Documents [in support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	5.0MB
	Exhibits	Exhibits 4-6 to Second Affidavit of Kevin M. Coen Attaching Confidential Documents [in support of AMC Defendants' Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [FILED UNDER SEAL]	5.8MB

A33

32600252	8/10/2010 10:48 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	187 Answering Brief	AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness with Certificate of Service [FILED UNDER SEAL] • Linked to (1) • Linked from (3)	0.2MB
					Motion	The AMC Defendants' Cross -Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness with Certificate of Service • Linked from (3)	0.1MB
					Appendix	Appendices A-B to AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness [FILED UNDER SEAL] • Linked from (1)	0.1MB
					Exhibits	Compendium of Unreported Opinions Cited In AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness with Certificate of Service	0.1MB
					Affidavit	Affidavit of Kevin M. Coen [in support of AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] with Certificate of Service	0.2MB

					Exhibits	Tabs A-P to Compendium Of Unreported Opinions Cited In AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness	1.5MB
					Exhibits	Exhibits A-F of Affidavit of Kevin M. Coen [in support of AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness]	2.1MB
					Exhibits	Exhibit G [Part 1 of 2] to Affidavit of Kevin M. Coen [in support of AMC Answering Brief In Opposition To Plaintiff's Motion For Partial Summary Judgment And Opening Brief In Support Of Their Cross-Motion For Summary Judgment, Or, In The Alternative, For A Determination That Plaintiff Bears The Burden Of Proof As To Entire Fairness] [End of Transaction No. 1 of 3]	9.0MB
32554108	8/9/2010 11:19 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	186 Order	Granted (Proposed Order Regarding Motion For Admission Pro Hac Vice Of C. Neil Gray as Counsel for Defendants Americas Mining Corp, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Emilio Carrillo Gamboa, Armando Ortega Gomez, Juan Rebolledo Gout, Genaro Larrea Mota-Velasco, German Larrea Mota-Velasco, & Oscar Gonzalez Rocha)	0.1MB
32551712	8/9/2010 10:13 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	185 Motion for Pro Hac Vice	• Linked to (1) Motion For Admission Pro Hac Vice Of C. Neil Gray as Counsel for Defendants Americas Mining Corp, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Emilio Carrillo Gamboa, Armando Ortega Gomez, Juan Rebolledo Gout, Genaro Larrea Mota-Velasco, German Larrea Mota-	0.1MB

						Velasco, & Oscar Gonzalez Rocha w/ Certificate of Service	
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	
					Proposed Order for Pro Hac Vice	Proposed Order Regarding Motion For Admission Pro Hac Vice Of C. Neil Gray as Counsel for Defendants Americas Mining Corp, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Emilio Carrillo Gamboa, Armando Ortega Gomez, Juan Rebolledo Gout, Genaro Larrea Mota-Velasco, German Larrea Mota- Velasco, & Oscar Gonzalez Rocha	0.1MB
						<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul>	
					Certification for Pro Hac Vice	Certification of C. Neil Gray	0.1MB
32442075	8/2/2010 2:10 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	184 Letter	Ronald A. Brown, Jr.'s Letter to Vice Chancellor Strine on Behalf of Plaintiff in Response to Defendants' Letter of July 30, 2010	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (4)</li> </ul>	
32424336	7/30/2010 4:47 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsht & Tunnell LLP- Wilmington	183 Letter	Letter from S. Mark Hurd to Vice Chancellor Strine in response to Ronald Brown's July 27, 2010 letter	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (1)</li> </ul>	
					Exhibits	Exhibits 1 and 2 to Letter from S. Mark Hurd to Vice Chancellor Strine in response to Ronald Brown's July 27, 2010 letter	0.7MB
32362258	7/28/2010 10:18 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	182 Letter	Ronald A. Brown, Jr.'s Letter to Vice Chancellor Strine on Behalf of Plaintiff Regarding Recent Developments Involving Southern Copper Corporation	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (3)</li> <li>• Linked from (2)</li> </ul>	
					Exhibits	Exhibits A through D to Ronald A. Brown, Jr.'s Letter to Vice Chancellor Strine on Behalf of Plaintiff Regarding Recent Developments Involving Southern Copper Corporation	1.9MB
32315901	7/26/2010 10:35 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	181 Order	Granted (Proposed Amended Scheduling Order Re: Summary Judgment Briefing)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (6)</li> </ul>	
32303098			961-CS CONF ORDER	Kevin M Coen,	180 Letter	Letter To The Honorable Leo E. Strine, Jr. From	0.1MB

	7/23/2010 3:45 PM EDT	File And Serve	In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Morris Nichols Arsh & Tunnell LLP- Wilmington		Kevin M. Coen Regarding Proposed Amended Scheduling Order Re: Summary Judgment Briefing	
					Proposed Order	<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul> Proposed Amended Scheduling Order Re: Summary Judgment Briefing	0.1MB
31928997	7/1/2010 11:49 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	179 Letter	<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul> Marcus E. Montej o's Letter to Vice Chancellor Strine with Courtesy Copies of Plaintiff's Motion for Partial Summary Judgment and Support ing Papers	0.1MB
31901245	6/30/2010 5:32 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Appendix	<ul style="list-style-type: none"> <li>• Linked to (9)</li> </ul> Compendium of Unre ported Opinions to Plaintiff's Opening Brief in Support of Their Motion for Par tial Summary Judgment	4.8MB
31901238	6/30/2010 5:32 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	178 Appendix	<ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (1)</li> </ul> Compendium of Depo sition Transcripts in Support of Plai ntiff's Motion for Partial Summary Judgment	0.1MB
					Exhibits	Exhibits 1 and 2 to the Compendium of Deposition Transcri pts in Support of Plaintiff's Motion for Partial Summary Judgment	2.2MB
					Exhibits	Exhibits 3 and 4 to the Compendium of Deposition Transcri pts in Support of Plaintiff's Motion for Partial Summary Judgment	6.0MB
					Exhibits	Exhibits 5 and 6 to the Compendium of Deposition Transcri pts in Support of Plaintiff's Motion for Partial Summary Judgment	4.1MB
					Exhibits	Exhibits 7 and 8 to the Compendium of Deposition Transcri pts in Support of Plaintiff's Motion for Partial Summary Judgment	5.8MB
					Exhibits	Exhibits 9 and 10 to the Compendium of Deposition Transcri pts in Support of Plaintiff's Motion for Partial Summary Judgment	3.6MB
					Exhibits	Exhibits 11 and 12 to the Compendium of Deposition Tran scripts in Support of Plaintiff's Motion for Partial Summary Judgment	0.4MB



					Certificate of Service	Certificate of Service to the Compendium of Deposition Transcripts in Support of Plaintiff's Motion for Partial Summary Judgment	0.1MB
31901229	6/30/2010 5:29 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejó, Prickett Jones & Elliott	177 Appendix	Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume IV	0.1MB
					Exhibits	<ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (1)</li> </ul> Exhibits PX-300 through PX -303 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume IV	3.8MB
					Exhibits	Exhibits PX-400 through PX -408 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume IV	5.1MB
					Exhibits	Exhibits PX-501 through PX -509 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume IV	2.4MB
					Certificate of Service	Certificate of Service to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume IV	0.1MB
31901216	6/30/2010 5:26 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejó, Prickett Jones & Elliott	171 Appendix	Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume III	0.1MB
					172 Exhibits	<ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (1)</li> </ul> Exhibits PX-107, PX-117 and PX-130 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume III	4.6MB
					173 Exhibits	Exhibits PX-131, PX-133, PX-135 through PX-139, PX -141 and PX-143 through PX-145 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume III	2.5MB
					174 Exhibits	Exhibits PX-166, PX-174 and PX-178 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume III	3.9MB
					175 Exhibits	Exhibits PX-195, PX-210 and PX-211 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume III	3.7MB

					176 Certificate of Service	Certificate of Service to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume III	0.1MB
					Exhibits	Exhibits PX-147 through PX-153, PX-159 and PX-164 through PX-165 to the Compendium of Exhibits in Support of Plaintiffs' Motion for Partial Summary Judgment - Volume III	2.7MB
31901191	6/30/2010 5:25 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	164 Appendix	Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II <ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (1)</li> </ul>	0.1MB
					165 Exhibits	Exhibits PX-56 through PX-59 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II	5.1MB
					166 Exhibits	Exhibits PX-60 through PX-71 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II	6.2MB
					167 Exhibits	Exhibits PX-72 through PX-89 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II	3.8MB
					168 Exhibits	Exhibits PX-90 through PX-93 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II	4.2MB
					169 Exhibits	Exhibits PX-94 through PX-98 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II	1.2MB
					170 Certificate of Service	Certificate of Service to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume II	0.1MB
31901153	6/30/2010 5:22 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	154 Appendix	Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I <ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (1)</li> </ul>	0.1MB
					155 Exhibits	Exhibits PX-1 through PX-15 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	3.3MB

					156 Exhibits	Exhibits PX-16 through PX-23 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	2.0MB
					157 Exhibits	Exhibit PX-24 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	3.7MB
					158 Exhibits	Exhibits PX-25 through PX-35 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	3.6MB
					159 Exhibits	Exhibits PX-36 through PX-43 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	3.1MB
					160 Exhibits	Exhibits PX-44 through PX-47 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	2.0MB
					161 Exhibits	Exhibit PX-48 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	2.8MB
					162 Exhibits	Exhibits PX-49 through PX-55 to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	3.5MB
					163 Certificate of Service	Certificate of Service to the Compendium of Exhibits in Support of Plaintiff's Motion for Partial Summary Judgment - Volume I	0.1MB
31900521	6/30/2010 5:19 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	143 Motion for Summary Judgment	Plaintiff's Motion for Partial Summary Judgment <ul style="list-style-type: none"> <li>• Linked to (2)</li> <li>• Linked from (8)</li> </ul>	0.1MB
					144 Certificate of Service	Certificate of Service to Plaintiff's Motion for Partial Summary Judgment	0.1MB
					145 Opening Brief	Plaintiff's Opening Brief in Support of Their Motion for Partial Summary Judgment <ul style="list-style-type: none"> <li>• Linked from (5)</li> </ul>	0.2MB
					146 Certificate of Service	Certificate of Service to Plaintiff's Opening Brief in Support of Their Motion for Partial Summary Judgment	0.1MB
					147 Affidavit	Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment <ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul>	0.1MB

					148 Exhibits	Exhibit 1 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment	0.2MB
					149 Exhibits	Exhibit 2 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment	0.9MB
					150 Exhibits	Exhibit 3 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment	0.2MB
					151 Exhibits	Exhibit 4 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment	0.6MB
					152 Exhibits	Exhibits 5 through 7 to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment	0.5MB
					153 Certificate of Service	Certificate of Service to the Transmittal Affidavit of Marcus E. Montejo in Support of Plaintiff's Motion for Partial Summary Judgment	0.1MB
31628417	6/14/2010 6:05 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	142 Notice of Deposition	Plaintiffs' Notice of Deposition of Eduardo S. Schwartz	0.1MB
					Certificate of Service	<ul style="list-style-type: none"> <li>• Linked to (2)</li> </ul> Certificate of Service to Plaintiffs' Notice of Deposition of Eduardo S. Schwartz	0.1MB
31581980	6/10/2010 9:04 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	141 Order	Granted (Stipulation And Scheduling Order Regarding Expert Depositions)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (1)</li> </ul>	
31560216	6/10/2010 10:31 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP-Wilmington	140 Stipulation & (Proposed) Order	Stipulation And Scheduling Order Regarding Expert Depositions	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (1)</li> </ul>	
30675828	4/20/2010 1:58 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	139 Order	Granted ((Proposed) Second Amended Stipulation and Scheduling Order)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> <li>• Linked from (11)</li> </ul>	
30667806		File And Serve	961-CS CONF ORDER In re:	S Mark Hurd, Morris	137 Letter	Letter from S. Mark Hurd to Vice Chancellor Strine enclosing proposed Second	0.1MB

	4/20/2010 11:08 AM EDT		Southern Peru Copper Corp Shareholder Derivative Litigation	Nichols Arsht & Tunnell LLP- Wilmington	138 Proposed Order	Amended Stipulation and Scheduling Order • Linked to (1) (Proposed) Second Amended Stipulation and Scheduling Order • Linked from (1)	0.1MB
30196023	3/23/2010 1:01 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	136 Notice of Service	Notice of Service of Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, And Juan Rebolledo Gout's Corrected Request For Production Of Documents and this Notice of Service • Linked to (1)	0.1MB
30186243	3/22/2010 6:59 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	135 Notice of Service of Request for Production	Notice of Service of Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Callazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's Request For Production Of Documents and this Notice of Service • Linked to (1) • Linked from (1)	0.1MB
29393268	2/4/2010 10:21 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard L Renck, Ashby & Geddes	134 Notice of Service	Notice of Service of Amended Responses of Defendant Southern Peru Copper Corporation to Plaintiff's Second Request For the Production of Documents • Linked to (1)	0.1MB
28954024	1/12/2010 10:22 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	133 Letter	Marcus E. Montejos Letter to Vice Chancellor Strine Confirming the Parties' Agreement that the January 13, 2010 Status Conference at 3:00 p.m. May Be Removed from the Court's Calendar • Linked to (1)	0.1MB
28866318	1/7/2010 4:19 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	132 Letter	Marcus E. Montejos Letter to Vice Chancellor Strine on behalf of Plaintiffs Withdrawing Plaintiffs' Motion to Set Deposition Dates filed on September 4, 2009 • Linked to (2) • Linked from (1)	0.1MB

28719527	12/30/2009 8:08 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	131 Order	Granted with Modifications (Proposed Amended Stipulation and Scheduling Order) • Linked to (1) • Linked from (3)	0.1MB
28711922	12/29/2009 4:16 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	130 Stipulation & (Proposed) Order	Proposed Amended Stipulation and Scheduling Order • Linked to (2) • Linked from (2)	0.1MB
28655433	12/23/2009 2:40 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Melissa N Donimirski, Proctor Heyman LLP	129 Notice of Service	Notice of Service of Responses and Objections of Non-Party Broadridge Financial Solutions, Inc. to Subpoena • Linked to (1)	0.1MB
28333305	12/3/2009 2:20 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	128 Subpoena  Exhibits	Subpoena Duces Tecum Showing Return Of Service Upon Broadridge Financial Solutions, Inc. and Certificate of Service • Linked to (1) Schedule A To Subpoena Duces Tecum Directed To Broadridge Financial Solutions, Inc. • Linked from (1)	0.1MB 0.1MB
28146383	11/20/2009 10:50 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Leo E Strine, DE Court of Chancery Civil Action	127 Order	Granted (Proposed Order Regarding Motion For Admission Pro Hac Vice Of Mia C. Korot as Counsel for Defendants) • Linked to (1)	0.1MB
28134745	11/19/2009 3:57 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	126 Motion for Pro Hac Vice  Certification Proposed Order	Motion For Admission Pro Hac Vice Of Mia C. Korot as Counsel for Defendants and Certificate of Service • Linked to (1) Certification of Mia C. Korot Proposed Order Regarding Motion For Admission Pro Hac Vice Of Mia C. Korot as Counsel for Defendants • Linked from (1)	0.1MB 0.1MB 0.1MB
28022005	11/12/2009 6:30 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	125 Notice of Service	Notice of Service for Responses and Objections of Defendants Americas Mining Corporation, Germán Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo	0.1MB

28012548	11/12/2009 3:06 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard L Renck, Ashby & Geddes	124 Notice of Service	Gout to Plaintiff's Second Request For Production of Documents • Linked to (2) Notice of Service of Responses of Defendant Southern Peru Copper Corporation to Plaintiff's Second Request for the Production of Documents • Linked to (1)	0.1MB
27637532	10/20/2009 12:18 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard L Renck, Ashby & Geddes	123 Entry of Appearance	Entry of Appearance of Richard L. Renck on behalf of Nominal Defendant Souther Peru Copper Corporation with attached certificate of service • Linked to (1)	0.1MB
27619259	10/19/2009 2:38 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	122 Notice of Deposition	Plaintiffs' Renotice of Deposition of Martin J. Sanchez • Linked to (4)	0.1MB
					Certificate of Service	Certificate of Service to Plaintiffs' Renotice of Deposition of Martin J. Sanchez	0.1MB
27569099	10/15/2009 12:38 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	121 Notice of Deposition	Plaintiffs' Notice of Depositions of Martin J. Sanchez and Thomas H. Parker • Linked to (2) • Linked from (1)	0.1MB
					Certificate of Service	Certificate of Service to Plaintiffs' Notice of Depositions of Martin J. Sanchez and Thomas H. Parker	0.1MB
27535151	10/13/2009 5:24 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	120 Notice of Service of Request for Production	Notice of Service of Plaintiffs' Second Request for Production of Documents • Linked to (4) • Linked from (3)	0.1MB
27534980	10/13/2009 5:23 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	Request For Production (First)	Plaintiffs' Second Request for Production of Documents • Linked from (1)	0.1MB
27299364	9/28/2009 6:38 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	119 Letter	Marcus E. Montejo's Letter on Behalf of Plaintiffs with Fact Discovery Status Report • Linked to (3)	0.1MB
27283726	9/28/2009 11:32 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru	Marcus E Montejo, Prickett	118 Notice of Deposition	Plaintiffs' Re-Notice of Depositions of Xavier Garcia de Quevedo Topete, Armando Ortega Gomez,	0.1MB

			Copper Corp Shareholder Derivative Litigation	Jones & Elliott		Carlos Ruiz Sacristan, Oscar Gonzales Rocha and Luis Miguel Palomino Bonilla	
						<ul style="list-style-type: none"> <li>• Linked to (3)</li> <li>• Linked from (1)</li> </ul>	
					Certificate of Service	Certificate of Service to Plaintiffs' Re-Notice of Depositions of Xavier Garcia de Quevedo Topete, Armando Ortega Gomez, Carlos Ruiz Sacristan, Oscar Gonzales Rocha and Luis Miguel Palomino Bonilla	0.1MB
27282227	9/28/2009 10:36 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen Lamb, DE Court of Chancery Civil Action	116 Order	Granted (Order Granting Plaintiffs' Motion for the Pro Hac Vice Admission of James H. Miller)	0.1MB
					117 Order	<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	
						Granted (Proposed Order Granting Plaintiffs' Motion for the Pro Hac Vice Admission of Eric L. Zagar)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	
27245048	9/24/2009 1:45 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	114 Motion for Pro Hac Vice	Plaintiffs' Motion for the Pro Hac Vice Admission of James H. Miller	0.1MB
					115 Motion for Pro Hac Vice	<ul style="list-style-type: none"> <li>• Linked to (3)</li> </ul>	
						Plaintiffs' Motion for the Pro Hac Vice Admission of Eric L. Zagar	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (3)</li> </ul>	
					Certification for Pro Hac Vice	Certification of James H. Miller	0.1MB
					Proposed Order	Order Granting Plaintiffs' Motion for the Pro Hac Vice Admission of James H. Miller	0.1MB
						<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul>	
					Certificate of Service	Certificate of Service to Plaintiffs' Motion for the Pro Hac Vice Admission of James H. Miller	0.1MB
					Certification for Pro Hac Vice	Certification of Eric L. Zagar	0.1MB
					Proposed Order	Proposed Order Granting Plaintiffs' Motion for the Pro Hac Vice Admission of Eric L. Zagar	0.1MB
						<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul>	
					Certificate of Service	Certificate of Service to Plaintiffs' Motion for the Pro Hac Vice Admission of Eric L. Zagar	0.1MB
27053569	9/14/2009 11:26 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen Lamb, DE Court of Chancery Civil Action	113 Order	Granted (Proposed Order for the Admission Pro Hac Vice of James E. Brandt, Esquire)	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	
27040222	9/11/2009 4:21 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp	Marcus E Montejo, Prickett Jones & Elliott	111 Letter	Letter to Chancellor Chandler Regarding Plaintiffs' Motion to Set Deposition Dates	0.1MB
						<ul style="list-style-type: none"> <li>• Linked to (2)</li> </ul>	



			Shareholder Derivative Litigation		112 Proposed Order	[Revised Proposed] Order Setting Deposition Dates	0.1MB
26948533	9/4/2009 3:46 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	110 Motion	<ul style="list-style-type: none"> <li>Linked to (1)</li> </ul> Plaintiffs' Motion to Set Depositions <ul style="list-style-type: none"> <li>Linked to (5)</li> <li>Linked from (4)</li> </ul>	0.1MB
					Exhibits	Exhibits A, B and C to Plaintiffs' Motion to Set Depositions	0.2MB
					Proposed Order	Proposed Order Granting Plaintiffs' Motion to Set Depositions	0.1MB
					Certificate of Service	Certificate of Service to Plaintiffs' Motion to Set Depositions	0.1MB
26877654	9/1/2009 3:47 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Raymond J DiCamillo, Richards Layton & Finger PA- Wilmington	109 Motion for Pro Hac Vice	Defendants Sacristan, Handelsman, Cifuentes and Bonilla's Motion for Admission Pro Hac Vice of James E. Brandt, Esquire	0.1MB
					Certification for Pro Hac Vice	Certification of James E. Brandt, Esquire, for Admission Pro Hac Vice	0.1MB
					Proposed Order for Pro Hac Vice	Proposed Order for the Admission Pro Hac Vice of James E. Brandt, Esquire <ul style="list-style-type: none"> <li>Linked from (1)</li> </ul>	0.1MB
					Certificate of Service	Certificate of Service to Defendants Sacristan, Handelsman, Cifuentes and Bonilla's Motion for Admission Pro Hac Vice of James E. Brandt, Esquire	0.1MB
26876823	9/1/2009 2:23 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	William B Chandler, DE Court of Chancery Civil Action	108 Order	Granted (Proposed Order Granting Plaintiffs' Motion for Comission for Issuance of a Subpoena Ad Testificandum to Thomas H. Parker) <ul style="list-style-type: none"> <li>Linked to (1)</li> </ul>	0.1MB
26837537	8/28/2009 5:09 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	107 Notice of Deposition	Plaintiffs' Re-Notice of Depositions of Carlos Ruiz Sacristan, Gilberto Perezalonso Cifuentes, German Larrea Mota- Velasco, Armando Ortega Gomez, Xavier Garcia de Quevedo Topete, Oscar Gonzales Rocha and Luis Miguel Palomino Bonilla <ul style="list-style-type: none"> <li>Linked to (3)</li> <li>Linked from (4)</li> </ul>	0.1MB
					Certificate of Service	Certificate of Service to Plaintiffs' Re-Notice of Depositions of Carlos Ruiz Sacristan, Gilberto Perezalonso Cifuentes, German Larrea Mota- Velasco, Armando Ortega Gomez, Xavier Garcia de Quevedo Topete, Oscar Gonzales Rocha and Luis Miguel Palomino Bonilla	0.1MB

26765216	8/25/2009 2:51 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	William B Chandler, DE Court of Chancery Civil Action	106 Order	Order	0.1MB
26762448	8/25/2009 1:34 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	103 Motion for Pro Hac Vice	Plaintiffs' Motion for the Pro Hac Vice Admission of Michael C. Wagner • Linked to (3)	0.1MB
					104 Proposed Order	Proposed Order Granting the Pro Hac Vice Admission of Michael C. Wagner on Behalf of Plaintiffs	0.1MB
					105 Certificate of Service	Certificate of Service to Plaintiffs' Motion for the Pro Hac Vice Admission of Michael C. Wagner	0.1MB
					Certification for Pro Hac Vice	Certification of Michael C. Wagner	0.1MB
26756945	8/25/2009 11:25 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	102 Letter	Marcus E. Montejos Letter on behalf of Plaintiffs to Ms. James Confirming that Plaintiffs' Motion for Commission for a Subpoena Ad Testificandum to Thomas H. Parker is Unopposed • Linked to (2)	0.1MB
26694412	8/20/2009 2:04 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	101 Notice of Service	Plaintiffs' Notice of Service of Subpoenas upon Martin J. Sanchez, Sofia M. Riva and Corrado P. Varoli • Linked to (6) • Linked from (1)	0.1MB
					Exhibits	Exhibits A, B and C to Plaintiffs' Notice of Service of Subpoenas upon Martin J. Sanchez, Sofia M. Riva and Corrado P. Varoli	0.5MB
26607143	8/14/2009 5:14 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	100 Motion for Commission	Plaintiffs' Motion for Comission for Issuance of a Subpoena Ad Testificandum to Thomas H. Parker • Linked to (2) • Linked from (1)	0.1MB
					Proposed Order	Proposed Order Granting Plaintiffs' Motion for Comission for Issuance of a Subpoena Ad Testificandum to Thomas H. Parker • Linked from (1)	0.1MB
					Commission	Comission for Issuance of a Subpoena Ad Testificandum to Thomas H. Parker	0.1MB
					Certificate of Service	Certificate of Service to Plaintiffs' Motion for Comission for Issuance of a Subpoena Ad Testificandum to Thomas H. Parker	0.1MB
26550204	8/12/2009 10:51 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru	Marcus E Montejo, Prickett	98 Notice of Deposition	Plaintiffs' Re-Notice of Deposition of Harold S. Handelsman • Linked to (3)	0.1MB

			Copper Corp Shareholder Derivative Litigation	Jones & Elliott	99	Certificate of Service	Certificate of Service to Plaintiffs' Re-Notice of Deposition of Harold S. Handelsman	0.1MB
26549190	8/12/2009 10:07 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	William B Chandler, DE Court of Chancery Civil Action	95	Order	Order • Linked from (2)	0.1MB
					96	Order	Order • Linked from (1)	0.1MB
					97	Order	Order • Linked from (1)	0.1MB
26530310	8/11/2009 12:02 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejó, Prickett Jones & Elliott	94	Letter	Marcus E. Montejó's Letter to Vice Chancellor Lamb Advising that Plaintiffs' Motions for Commissions for Issuance of Subpoenas Ad Testificandum to Martin J. Sanchez, Sofia M. Riva and Corrado P. Varoli are Unopposed • Linked to (5)	0.1MB
26506545	8/10/2009 11:53 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejó, Prickett Jones & Elliott	91	Motion for Commission	Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Martin J. Sanchez • Linked to (2) • Linked from (3)	0.1MB
					92	Motion for Commission	Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Sofia M. Riva • Linked to (2) • Linked from (2)	0.1MB
					93	Motion for Commission	Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Corrado P. Varoli • Linked to (2) • Linked from (2)	0.1MB
						Proposed Order	Proposed Order Granting Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Martin J. Sanchez	0.1MB
						Commission	Commission for Issuance of a Subpoena Ad Testificandum to Martin J. Sanchez	0.1MB
						Certificate of Service	Certificate of Service to Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Martin J. Sanchez	0.1MB
						Proposed Order	Order Granting Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Sofia M. Riva	0.1MB

						Commission	Commission for Issuance of a Subpoena Ad Testificandum to Sofia M. Riva	0.1MB
						Certificate of Service	Certificate of Service to Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Sofia M. Riva	0.1MB
						Proposed Order	Order Granting Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Corrado P. Varoli	0.1MB
						Commission	Commission for Issuance of a Subpoena Ad Testificandum to Corrado P. Varoli	0.1MB
						Certificate of Service	Certificate of Service to Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Corrado P. Varoli	0.1MB
26434214	8/4/2009 5:44 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	90	Notice of Deposition	Notice of Videotaped Deposition of Michael Theriault with Certificate of Service • Linked to (1) • Linked from (1)	0.1MB
26122276	7/15/2009 3:12 PM EDT	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Neith Ecker, DE Court of Chancery Civil Action	89	Official Transcript (Addl Fees Apply)	Telephonic Oral Argument on Plaintiffs' Motion to Set Deposition Locations and Ruling of the Court held on July 1, 2009 • Linked from (2)	0.1MB
25977642	7/7/2009 11:38 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	88	Order	Granted (Proposed Revised Scheduling Order) • Linked to (1) • Linked from (18)	0.1MB
25936582	7/2/2009 1:15 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	86	Proposed Order	Proposed Revised Scheduling Order • Linked to (4) • Linked from (1)	0.1MB
					87	Letter	Marcus E. Montejo's Letter on Behalf of the Parties with Proposed Revised Scheduling Order	0.1MB
						Certificate of Service	Certificate of Service to Proposed Revised Scheduling Order	0.1MB
25910776	7/1/2009 10:43 AM EDT	File Only	961-CS CONF ORDER In re: Southern Peru	Stephen P Lamb, DE Court of	85	Order	The motion to set deposition locations is DENIED. Ruling on the record.	0MB

			Copper Corp Shareholder Derivative Litigation	Chancery Civil Action				
25891365	6/30/2009 11:57 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	84	Order	Granted (Order for Admission Pro Hac Vice of Alan J. Stone) • Linked to (1)	0.1MB
25891321	6/30/2009 11:56 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	83	Order	Granted (Proposed Order for Admission Pro Hac Vice of Adrienne K. Eason Wheatley, Esquire) • Linked to (1)	0.1MB
25890166	6/30/2009 11:35 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Raymond J DiCamillo, Richards Layton & Finger PA- Wilmington	82	Motion for Pro Hac Vice	Defendants Sacristan, Handelsman, Cifuentes and Bonilla's Motion for Admission Pro Hac Vice of Adrienne K. Eason Wheatley, Esquire	0.1MB
						Certification for Pro Hac Vice	Certification of Adrienne K. Eason Wheatley, Esquire, for admission pro hac vice	0.1MB
						Proposed Order	Proposed Order for Admission Pro Hac Vice of Adrienne K. Eason Wheatley, Esquire • Linked from (1)	0.1MB
						Certificate of Service	Certificate of Service to Defendants Sacristan, Handelsman, Cifuentes and Bonilla's Motion for Admission Pro Hac Vice of Adrienne K. Eason Wheatley, Esquire	0.1MB
25886451	6/29/2009 8:48 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	81	Motion for Pro Hac Vice	Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Callazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's Motion for Admission Pro Hac Vice of Alan J. Stone with Certificate of Service • Linked to (1)	0.1MB
						Certification for Pro Hac Vice	Certification of Alan J. Stone regarding admission pro hac vice	0.1MB
						Proposed Order	Order for Admission Pro Hac Vice of Alan J. Stone • Linked from (1)	0.1MB

25841309	6/25/2009 6:26 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	79	Reply	Plaintiffs' Reply to Defendants' Opposition to Motion to Set Deposition Locations • Linked to (5) • Linked from (1)	0.1MB
					80	Affidavit	Affidavit of Marcus E. Montejo in Support of Plaintiffs' Reply to Defendants' Opposition to Motion to Set Deposition Locations	0.1MB
						Exhibits	Exhibits A and B to Plaintiffs' Reply to Defendants' Opposition to Motion to Set Deposition Locations	0.2MB
						Certificate of Service	Certificate of Service to Plaintiffs' Reply to Defendants' Opposition to Motion to Set Deposition Locations	0.1MB
						Exhibits	Exhibits 1 through 11 to the Affidavit of Marcus E. Montejo in Support of Plaintiffs' Reply to Defendants' Opposition to Motion to Set Deposition Locations	0.3MB
						Certificate of Service	Certificate of Service to the Affidavit of Marcus E. Montejo in Support of Plaintiffs' Reply to Defendants' Opposition to Motion to Set Deposition Locations	0.1MB
25800522	6/24/2009 10:10 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	78	Order	Granted (Proposed Order for Admission Pro Hac Vice of Douglas A. Henkin on behalf of Defendants Americas Mining Corporation, Germán Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gómez, and Juan Rebolledo Gout) • Linked to (1)	0.1MB
25794048	6/23/2009 5:48 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kevin M Coen, Morris Nichols Arsht & Tunnell LLP- Wilmington	77	Motion for Pro Hac Vice	Motion for Admission Pro Hac Vice of Douglas A. Henkin on behalf of Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez and Juan Rebolledo Gout	0.1MB

						Certification for Pro Hac Vice	Certification of Douglas A. Henkin	0.1MB
						Proposed Order	Proposed Order for Admission Pro Hac Vice of Douglas A. Henkin on behalf of Defendants Americas Mining Corporation, Germán Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gómez, and Juan Rebolledo Gout	0.1MB
						Certificate of Service	<ul style="list-style-type: none"> <li>Linked from (1)</li> </ul> Certificate of Service to Motion for Admission Pro Hac Vice of Douglas A. Henkin on behalf of Defendants Americas Mining Corporation, Germán Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gómez, and Juan Rebolledo Gout	0.1MB
25745002	6/19/2009 3:52 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	76 Letter		Marcus E. Montejo's Letter to Vice Chancellor Lamb on Behalf of Plaintiffs Confirming (1) Due Date for Plaintiffs' Reply in Support of their Motion to Set Deposition Locations, and (2) Date for Telephonic Hearing on the Motion <ul style="list-style-type: none"> <li>Linked to (4)</li> <li>Linked from (1)</li> </ul>	0.1MB
25725814	6/18/2009 5:15 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsh & Tunnell LLP- Wilmington	75 Opposition		Defendants Americas Mining Corporation, Germán Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gómez, Juan Rebolledo Gout, Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes, and Miguel Palomino Bonilla's Opposition To Motion To Set Deposition Locations with Certificate of Service <ul style="list-style-type: none"> <li>Linked to (1)</li> <li>Linked from (3)</li> </ul>	0.1MB

						Affidavit	Affidavit of Adrienne K. Eason Wheatley In Opposition to Motion to Set Deposition Locations with Certificate of Service	0.1MB
						Affidavit	Affidavit of Alan J. Stone In Opposition to Motion to Set Deposition Locations with Certificate of Service	0.1MB
						Letter	Letttter to The Honorable Vice Chancellor Stephen P. Lamb from S. Mark Hurd forwarding courtesy copies of Opposition Brief and Affidavits of Alan J. Stone and Adrienne K. Eason Wheatley	0.1MB
						Exhibits	Exhibits 12-20 to Affidavit of Adrienne K. Eason Wheatley In Opposition to Motion to Set Deposition Locations	2.1MB
						Exhibits	Exhibits 1-11 to Affidavit of Alan J. Stone in Opposition to Motion to Set Deposition Locations	1.2MB
25716167	6/18/2009 12:38 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	74	Notice	Notice of Withdrawal of Plaintiffs' Motion to Compel • Linked to (2)	0.1MB
						Certificate of Service	Certificate of Service to Notice of Withdrawal of Plaintiffs' Motion to Compel	0.1MB
25715882	6/18/2009 12:37 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	73	Letter	Marcus E. Montejo's Letter to Vice Chancellor Lamb on behalf of Plaintiffs with Status of Pending Motions to (1) Compel and (2) Set Deposition Locations • Linked to (3) • Linked from (2)	0.1MB
25589348	6/10/2009 3:39 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	72	Letter	letter to counsel • Linked from (4)	0.1MB
25562656	6/9/2009 1:34 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	71	Motion to Compel	Plaintiffs' Motion to Compel • Linked to (5) • Linked from (2)	0.1MB
						Proposed Order	Proposed Order Granting Plaintiffs' Motion to Compel	0.1MB
						Certificate of Service	Certificate of Service to Plaintiffs' Motion to Compel	0.1MB
25527383	6/5/2009 5:56 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder	Marcus E Montejo, Prickett Jones & Elliott	70	Motion	Plaintiffs' Motion to Set Deposition Locations • Linked to (3) • Linked from (7)	0.1MB
						Exhibits	Exhibit A to Plaintiffs' Motion to Set Deposition Locations	0.9MB



			Derivative Litigation			Exhibits	Exhibits B through F to Plaintiffs' Motion to Set Deposition Locations	0.4MB
						Certificate of Service	Certificate of Service to Plaintiffs' Motion to Set Deposition Locations	0.1MB
25278806	5/20/2009 2:13 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	69	Order	Granted (Proposed Order Granting Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Goldman, Sachs & Co.) • Linked to (1)	0.1MB
25234500	5/18/2009 4:44 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	68	Motion for Commission	Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Goldman, Sachs & Co. • Linked to (2)	0.1MB
						Proposed Order	Proposed Order Granting Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Goldman, Sachs & Co. • Linked from (1)	0.1MB
						Commission	Commission for Issuance of a Subpoena Ad Testificandum to Goldman, Sachs & Co.	0.1MB
						Exhibits	Schedule A to Commission for Issuance of a Subpoena Ad Testificandum to Goldman, Sachs & Co.	0.1MB
						Certificate of Service	Certificate of Service to Plaintiffs' Motion for Commission for Issuance of a Subpoena Ad Testificandum to Goldman, Sachs & Co.	0.1MB
25208207	5/15/2009 2:57 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	67	Notice of Deposition	Plaintiffs' Notice of Depositions of Harold S. Handelsman, Carlos Ruiz Sacristan, Luis Miguel Palomino Bonilla, Gilberto Perezalonso Cifuentes, German Larrea Mota- Velasco, Armando Ortega Gomez, Xavier Garcia de Quevedo Topete, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, and Juan Rebolledo Gout • Linked to (2) • Linked from (6)	0.1MB
						Certificate of Service	Certificate of Service to Plaintiff's Notice of Depositions of Harold S. Handelsman, Carlos Ruiz Sacristan, Luis Miguel Palomino Bonilla, Gilberto	0.1MB

							Perezalonso Cifuentes, German Larrea Mota- Velasco, Armando Ortega Gomez, Xavier Garcia de Quevedo Topete, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, and Juan Rebolledo Gout	
24055147	3/4/2009 4:41 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsht & Tunnell LLP- Wilmington	66	Letter	Letter from S. Mark Hurd to Cathy James regarding plaintiffs' Motion to Withdraw Lemon Bay as Plaintiff <ul style="list-style-type: none"><li>• Linked to (1)</li></ul>	0.1MB
23867246	2/20/2009 11:53 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	63	Motion	(Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa <ul style="list-style-type: none"><li>• Linked to (3)</li><li>• Linked from (1)</li></ul>	0.1MB
					64	Affidavit	Affidavit of Lemon Bay LLP in Support of (Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa	0.1MB
					65	Affidavit	Affidavit of Patricia C. Weiser in Support of (Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa	0.1MB
						Exhibits	Exhibit A to (Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa	0.3MB
						Proposed Order	Proposed Order Dismissing Claims Asserted by Plaintiffs Lemon Bay Partners and James Sousa	0.1MB
						Certificate of Service	Certificate of Service to (Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa	0.1MB
						Certificate of Service	Certificate of Service to Affidavit of Lemon Bay LLP in Support of (Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa	0.1MB
						Certificate of Service	Certificate of Service to Affidavit of Patricia C. Weiser in Support of (Plaintiffs') Motion to Withdraw Lemon Bay as Plaintiff and Notice of Death of James Sousa	0.1MB
22931647	12/16/2008 11:32 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp	Stephen P Lamb, DE Court of	62	Order	Granted (Proposed Order Granting Plaintiffs' Rule 25 (c) Motion for Substitution of Michael Theriault for Plaintiff Robert Theriault)	0.1MB

			Shareholder Derivative Litigation	Chancery Civil Action			<ul style="list-style-type: none"> <li>• Linked to (1)</li> </ul>	
22853747	12/10/2008 4:41 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	61	Motion	Plaintiffs' Rule 25(c) Motion for Substitution of Michael Theriault for Plaintiff Robert Theriault	0.1MB
						Proposed Order	<ul style="list-style-type: none"> <li>• Linked to (2)</li> </ul> Proposed Order Granting Plaintiffs' Rule 25(c) Motion for Substitution of Michael Theriault for Plaintiff Robert Theriault	0.1MB
						Certificate of Service	<ul style="list-style-type: none"> <li>• Linked from (1)</li> </ul> Certificate of Service to Plaintiffs' Rule 25(c) Motion for Substitution of Michael Theriault for Plaintiff Robert Theriault	0.1MB
22853318	12/10/2008 4:40 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott	60	Notice of Service	Notice of Service of Plaintiff Theriault Trust's Objections and Responses to the First Request for Production of Documents of Defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez and Juan Rebolledo Gout	0.1MB
22852913	12/10/2008 4:39 PM EST	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Marcus E Montejo, Prickett Jones & Elliott		Response to Request for Production	<ul style="list-style-type: none"> <li>• Linked to (3)</li> </ul> Plaintiff Theriault Trust's Objections and Responses to the First Request for Production of Documents of Defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez and Juan Rebolledo Gout	0.1MB
22762956	12/4/2008 3:51 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	59	Notice	Notice of Firm Name Change of Schiffrein Barroway Topaz & Kessler LLP, Tri-Lead Counsel for Plaintiffs, to Barroway Topaz Kessler Meltzer & Check, LLP	0.1MB
						Certificate of Service	<ul style="list-style-type: none"> <li>• Linked to (3)</li> </ul> Certificate of Service to Notice of Firm Name Change	0.1MB

21769186	9/30/2008 4:02 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsht & Tunnell LLP- Wilmington	58	Notice of Service	Notice of Service of Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genara Larrea Moto-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collaza Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's First Request for Production of Documents • Linked to (1) • Linked from (3)	0.1MB
21768986	9/30/2008 3:57 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	S Mark Hurd, Morris Nichols Arsht & Tunnell LLP- Wilmington		Request For Production (First)	Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genara Larrea Moto-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collaza Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout's First Request for Production of Documents • Linked from (1)	0.2MB
20815372	7/28/2008 10:33 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery Civil Action	57	Order	Granted (Proposed Stipulated Scheduling Order) • Linked to (1) • Linked from (9)	0.1MB
20742398	7/22/2008 12:34 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	56	Stipulation & (Proposed) Order	Proposed Stipulated Scheduling Order • Linked to (5) • Linked from (1)	0.1MB
17622068	12/11/2007 6:16 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	55	Notice of Service	Plaintiffs' Notice of Service of Subpoena Upon Goldman Sachs & Co. • Linked to (3)	0.1MB
						Exhibits	Exhibit A to Plaintiffs' Notice of Service of Subpoena Upon Goldman Sachs & Co.	0.6MB
						Certificate of Service	Certificate of Service to Plaintiffs' Notice of Service of Subpoena Upon Goldman Sachs & Co.	0.1MB
16973341	11/7/2007 2:39 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery	54	Order	Granted (Stipulation and Order for the Production and Exchange of Confidential Information) • Linked to (1) • Linked from (4)	0.1MB
16966020	11/7/2007 10:23 AM EST	File And Serve	961-CS CONF ORDER In re:	Ronald A Brown, Prickett	52	Stipulation & (Proposed) Order	Stipulation and Order for the Production and	0.1MB

			Southern Peru Jones & Copper Corp Elliott Shareholder Derivative Litigation		53	Exhibits	Exchange of Confidential Information • Linked to (13) • Linked from (1) Exhibit A to Stipulation and Order for the Production and Exchange of Confidential Information	0.1MB
14269859	3/27/2007 12:45 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	50	Affidavit	Rule 23.1(b) Affidavit of Lemon Bay LLP • Linked to (1)	0.1MB
					51	Certificate of Service	Certificate of Service to the Rule 23.1(b) Affidavit of Lemon Bay LLP	0.1MB
14046512	3/7/2007 4:45 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Carmella P Keener, Rosenthal Monhait & Goddess PA	49	Affidavit	Affidavit of Plaintiff, Robert Theriault, in Compliance with Court of Chancery Rule 23(aa) and Certificate of Service • Linked to (1) • Linked from (1)	0.1MB
13207187	12/15/2006 10:38 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard I G Jones, Ashby & Geddes	48	Notice	Notice of Change of Firm Address	0.1MB
						Certificate of Service	Certificate of Service to Notice of Change of Firm Address	0.1MB
7140004	10/20/2005 11:12 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery	47	Order	Granted (Proposed Order Granting Motion for Issuance of a Commission to Goldman, Sachs & Co.) • Linked to (1) • Linked from (3)	0.1MB
7139998	10/20/2005 11:12 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery	46	Order	Granted (Proposed Order Granting Motion for Issuance of a Commission to Anderson & Schwab, Inc.) • Linked to (1) • Linked from (2)	0.1MB
7139981	10/20/2005 11:10 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery	45	Order	Granted (Proposed Order Granting Motion for Issuance of a Commission to Phelps Dodge Corporation) • Linked to (1) • Linked from (2)	0.1MB
7139968	10/20/2005 11:09 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery	44	Order	Granted (Proposed Order Granting Motion for Issuance of a Commission to UBS Investment Bank) • Linked to (1) • Linked from (2)	0.1MB
7106499	10/14/2005 6:51 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru	Samuel Taylor Hirzel, Morris	43	Notice of Service of Response to	Notice of Service of Responses and Objections of Defendants Americas Mining Corporation,	0.1MB

			Copper Corp Shareholder Derivative Litigation	Nichols Arsht & Tunnell	Request for Produ	German Larrea Moto- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xabier Garcia De Quevedo Topete, Armando Ortega Gomez and Juan Rebolledo Gout to Plaintiffs' First Request for the Production of Documents • Linked to (1)	
7106412	10/14/2005 6:45 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Samuel Taylor Hirzel, Morris Nichols Arsht & Tunnell	Response to Request for Production	Responses and Objections of Defendants Americas Mining Corporation, German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Osacar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout to Plaintiffs' First Request for the Production of Documents • Linked from (1)	0.6MB
7105336	10/14/2005 5:47 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Michael R Robinson, Richards Layton & Finger PA	42 Notice of Service of Response to Request for Produ	Notice of Service of Responses and Objections of Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes and Luis Miguel Palomino Bonilla to Plaintiffs' First Request for Production of Documents • Linked to (2)	0.1MB
					Certificate of Service	Certificate of Service to Notice of Service of Responses and Objections of Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes and Luis Miguel Palomino Bonilla to Plaintiffs' First Request for Production of Documents • Linked to (2)	0.1MB
7105186	10/14/2005 5:39 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Michael R Robinson, Richards Layton & Finger PA	Response to Request for Production	Responses and Objections of Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes and Luis Miguel Palomino Bonilla to Plaintiffs' First Request for Production of Documents • Linked from (1)	0.7MB
7103830	10/14/2005 4:28 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard I G Jones, Ashby & Geddes	41 Notice of Service of Response to Request for Produ	Notice of Service of Responses of Defendant Southern Peru Copper Corporation to Plaintiffs' First Request for the Production of Documents and this Notice of Service • Linked to (1)	0.1MB

7103599	10/14/2005 4:23 PM EDT	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard I G Jones, Ashby & Geddes	Response to Request for Production	Responses of Defendant Southern Peru Copper Corporation to Plaintiffs' First Request for the Production of Documents • Linked to (1) • Linked from (1)	0.6MB
6956893	10/6/2005 4:14 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	36 Subpoena	Subpoena Duces Tecum to SPC Investors, L.L.C. • Linked to (4) • Linked from (2)	0.1MB
					37 Subpoena	Subpoena Duces Tecum to Cerro Trading Company, Inc. • Linked to (4) • Linked from (2)	0.1MB
					38 Subpoena	Subpoena Duces Tecum to The Marmon Group, Inc. • Linked to (4) • Linked from (2)	0.1MB
					39 Subpoena	Subpoena Duces Tecum to SPHC II Incorporated • Linked to (4) • Linked from (2)	0.1MB
					40 Subpoena	Subpoena Duces Tecum to Phelps Dodge Overseas Capital Corporation • Linked to (4) • Linked from (2)	0.1MB
					Exhibits	Exhibit A to Subpoena Duces Tecum to SPC Investors, L.L.C.	0.3MB
					Certificate of Service	Certificate of Service to Subpoena Duces Tecum to SPC Investors, L.L.C.	0.1MB
					Exhibits	Exhibit A to Subpoena Duces Tecum to Cerro Trading Company, Inc.	0.3MB
					Certificate of Service	Certificate of Service to Subpoena Duces Tecum to Cerro Trading Company, Inc.	0.1MB
					Exhibits	Exhibit A to Subpoena Duces Tecum to The Marmon Group, Inc.	0.3MB
					Certificate of Service	Certificate of Service to Subpoena Duces Tecum to The Marmon Group, Inc.	0.1MB
					Exhibits	Exhibit A to Subpoena Duces Tecum to SPHC II Incorporated	0.3MB
					Certificate of Service	Certificate of Service to Subpoena Duces Tecum to SPHC II Incorporated	0.1MB
					Exhibits	Exhibit A to Subpoena Duces Tecum to Phelps Dodge Overseas Capital Corporation	0.3MB
					Certificate of Service	Certificate of Service to Subpoena Duces Tecum to Phelps Dodge Overseas Capital Corporation	0.1MB

6948909	10/5/2005 5:56 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	35	Motion for Commission	Motion for Issuance of a Commission to Goldman, Sachs & Co. • Linked to (4)	0.1MB
						Notice	Notice of Motion for Issuance of a Commission to Goldman, Sachs & Co.	0.1MB
						Commission	Commission to Goldman, Sachs & Co. • Linked from (1)	0.1MB
						Proposed Order	Proposed Order Granting Motion for Issuance of a Commission to Goldman, Sachs & Co. • Linked from (1)	0.1MB
						Exhibits	Exhibit A to Order Granting Motion for Issuance of a Commission to Goldman, Sachs & Co.	0.3MB
						Certificate of Service	Certificate of Service to Motion for Issuance of a Commission to Goldman, Sachs & Co.	0.1MB
6949358	10/5/2005 5:55 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	34	Motion for Commission	Motion for Issuance of a Commission to Anderson & Schwab, Inc. • Linked to (4)	0.1MB
						Notice	Notice of Motion for Issuance of a Commission to Anderson & Schwab, Inc.	0.1MB
						Commission	Commission to Anderson & Schwab, Inc.	0.1MB
						Proposed Order	Proposed Order Granting Motion for Issuance of a Commission to Anderson & Schwab, Inc. • Linked from (1)	0.1MB
						Exhibits	Exhibit A to Proposed Order Granting Motion for Issuance of a Commission to Anderson & Schwab, Inc.	0.3MB
						Certificate of Service	Certificate of Service to Motion for Issuance of a Commission to Anderson & Schwab, Inc.	0.1MB
6949660	10/5/2005 5:54 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	33	Motion for Commission	Motion for Issuance of a Commission to Phelps Dodge Corporation • Linked to (4)	0.1MB
						Notice	Notice of Motion for Issuance of a Commission to Phelps Dodge Corporation	0.1MB
						Commission	Commission to Phelps Dodge Corporation	0.1MB
						Proposed Order	Proposed Order Granting Motion for Issuance of a Commission to Phelps Dodge Corporation • Linked from (1)	0.1MB
						Exhibits	Exhibit A to Proposed Order Granting Motion for Issuance of a Commission to Phelps Dodge Corporation	0.3MB



						Certificate of Service	Certificate of Service to Motion for Issuance of a Commission to Phelps Dodge Corporation	0.1MB
6949997	10/5/2005 5:54 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	32	Motion for Commission	Motion for Issuance of a Commission to UBS Investment Bank	0.1MB
						Notice	<ul style="list-style-type: none"> <li>Linked to (4)</li> </ul> Notice of Motion for Issuance of a Commission to UBS Investment Bank	0.1MB
						Commission	Commission to UBS Investment Bank	0.1MB
						Proposed Order	Proposed Order Granting Motion for Issuance of a Commission to UBS Investment Bank	0.1MB
							<ul style="list-style-type: none"> <li>Linked from (1)</li> </ul>	
						Exhibits	Exhibit A to Proposed Order Granting Motion for Issuance of a Commission to UBS Investment Bank	0.3MB
						Certificate of Service	Certificate of Service to Motion for Issuance of a Commission to UBS Investment Bank	0.1MB
5547813	4/5/2005 11:59 AM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Alan J Stone, 31 Morris Nichols Arsht & Tunnell		Notice	Notice of Filing of Corrected Version of Answer of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout filed by Alan J. Stone	0.1MB
							<ul style="list-style-type: none"> <li>Linked to (1)</li> </ul>	
						Exhibits	Exhibit A to Notice of Filing of Corrected Version of Answer of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout filed by Alan J. Stone	0.6MB
						Exhibits	Exhibit B to Notice of Filing of Corrected Version of Answer of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime	0.6MB

								Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout filed by Alan J. Stone	
						Certificate of Service		Certificate of Service to Notice of Filing of Corrected Version of Answer of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Rebolledo Gout filed by Alan J. Stone	0.1MB
5544395	4/4/2005 6:27 PM EDT	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard I G Jones, Ashby & Geddes	30	Notice		Notice of Filing of Corrected Version of Answer of Southern Peru Copper Corporation	0.1MB
						Exhibits	• Linked to (2)	Exhibit A to Notice of Filing of Corrected Version of Answer of Southern Peru Copper Corporation	0.7MB
						Exhibits		Exhibit B to Notice of Filing of Corrected Version of Answer of Southern Peru Copper Corporation	0.7MB
						Certificate of Service		Certificate of Service to Notice of Filing of Corrected Version of Answer of Southern Peru Copper Corporation	0.1MB
5355755	3/14/2005 8:23 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Michael R Robinson, Richards Layton & Finger PA	29	Answer		Answer of Defendants Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes, and Luis Miguel Palomino Bonilla	0.7MB
						Certificate of Service	• Linked to (1)	Certificate of Service to Answer of Defendants Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes, and Luis Miguel Palomino Bonilla	0.1MB
5359351	3/14/2005 6:29 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Alan J Stone, Morris Nichols Arsht & Tunnell	28	Answer		Answer of Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomex, and Juan Rebolledo Gout	0.1MB
							• Linked to (3) • Linked from (1)		

						Certificate of Service	Certificate of Service in Answer of Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalex Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gome, and Juan Rebolledo Gout	0.1MB
5359029	3/14/2005 6:01 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard I G Jones, Ashby & Geddes	27	Answer	Answer of Southern Peru Copper Corporation • Linked to (2) • Linked from (1)	0.1MB
5278741	3/5/2005 2:31 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Michael R Robinson, Richards Layton & Finger PA	25	Entry of Appearance	Entry of Appearance of Richards Layton & Finger as counsel for defendants Carlos Ruiz Sacristan, Harold S. Handelsman, Gilberto Perezalonso Cifuentes, and Luis Miguel Palomino Bonilla	0.1MB
					26	Certificate of Service	Certificate of Service to Richards, Layton & Finger's Entry of Appearance	0.1MB
5214458	2/24/2005 4:14 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	24	Notice of Service of Request for Production	Notice of Service of Plaintiffs' First Request for Production of Documents • Linked to (3) • Linked from (7)	0.1MB
						Certificate of Service	Certificate of Service to the Plaintiffs' First Request for Production of Documents • Linked from (2)	0.1MB
5214287	2/24/2005 4:14 PM EST	Serve Only - Public	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott		Request For Production (First)	Plaintiffs' First Request for Production of Documents • Linked from (3)	0.2MB
5070858	2/3/2005 9:45 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Stephen P Lamb, DE Court of Chancery	23	Proposed Order for Pro Hac Vice	Granted (Order for Pro Hac Vice Motion for Admission of Douglas W. Henkin filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout) • Linked to (1)	0.1MB
5070848	2/3/2005 9:44 AM EST	File And Serve	961-CS CONF ORDER In re:	Stephen P Lamb,	22	Proposed Order for Pro Hac Vice	Granted (Order to Pro Hac Vice Motion of Josh K. Porter filed by Alan J. Stone	0.1MB

			Southern Peru DE Court of Copper Corp Chancery Shareholder Derivative Litigation			on behalf of Defendants Americas Mining Corp., German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout)	
5066222	2/2/2005 2:49 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru & Tunnell Copper Corp Shareholder Derivative Litigation	Alan J Stone, 21 Morris Nichols Arsht	Notice	<ul style="list-style-type: none"><li>Linked to (1)</li></ul> Notice to Motion for Admission Pro Hac Vice of Josh K. Porter filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota- Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
					Motion for Commission	Motion for Admission Pro Hac Vice of Josh K. Porter filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
					Certification for Pro Hac Vice	Certification of Josh K. Porter to Motion for Commission Pro Hac Vice filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
					Proposed Order for Pro Hac Vice	Order to Pro Hac Vice Motion of Josh K. Porter filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio	0.1MB

						Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	
					•	Linked from (1)	
				Certificate of Service		Certificate of Service to Pro Hac Vice Motion of Josh K. Porter filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota- Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
5066097	2/2/2005 2:27 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru & Tunnell Copper Corp Shareholder Derivative Litigation	Alan J Stone, 20 Morris Nichols Arsht	Motion for Pro Hac Vice	Motion For Admission Pro Hac Vice of Douglas W. Henkin filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota- Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
					Certification for Pro Hac Vice	Certification of Douglas W. Henkin to Motion for Admission Pro Hac Vice filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota- Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
					Notice	Notice of Pro Hac Vice Motion of Douglas W. Henkin filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota- Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB

						Proposed Order for Pro Hac Vice	Order for Pro Hac Vice Motion for Admission of Douglas W. Henkin filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
						Certificate of Service	<ul style="list-style-type: none"> <li>Linked from (1)</li> </ul> Certificate of Service for Motion for Pro Hac Vice of Douglas W. Henkin filed by Alan J. Stone on behalf of Defendants Americas Mining Corp., German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jamie Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez, and Juan Gout	0.1MB
5052163	2/1/2005 9:56 AM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Richard I G Jones, Ashby & Geddes	19	Entry of Appearance	Entry of Appearance by Ashby & Geddes for Southern Peru Copper Corporation	0.1MB
						Certificate of Service	<ul style="list-style-type: none"> <li>Linked to (1)</li> </ul> Certificate of Service to Entry of Appearance by Ashby & Geddes for Southern Peru Copper Corporation	0.1MB
5044960	1/31/2005 1:19 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Alan J Stone, 18 Morris Nichols Arsht & Tunnell	18	Entry of Appearance	Entry of Appearance by Alan J. Stone on behalf of Defendants Americas Mining Corporation, German Larrea Mota-Velasco, Genaro Larrea Mota-Velasco, Oscar Gonzalez Rocha, Emilio Carrillo Gamboa, Jaime Fernando Collazo Gonzalez, Xavier Garcia De Quevedo Topete, Armando Ortega Gomez and Juan Rebolledo Gout	0.1MB
						Certificate of Service	<ul style="list-style-type: none"> <li>Linked to (1)</li> </ul> Certificate of Service to Alan J. Stone's Entry of Appearance	0.1MB
5018614	1/26/2005 2:16 PM EST	File And Serve	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Patricia G Randolph, DE Court of Chancery	17	Other	Returned, as refused, registered mailings to director defendants pursuant to 10 Del.c. sec. 3114	1.0MB

4995441	1/24/2005 10:44 AM EST	File And Serve	Multi-Case	Stephen P Lamb, DE Court of Chancery	16	Order	Granted (Proposed Order Consolidating and Coordinating Actions) • Linked to (1) • Linked from (15)	0.1MB
4954624	1/14/2005 5:53 PM EST	File And Serve	Multi-Case	Ronald A Brown, Prickett Jones & Elliott	13	Motion	Plaintiffs' Motion for Entry of an Order Consolidating and Coordinating Actions • Linked to (3)	0.1MB
					14	Proposed Order	Proposed Order Consolidating and Coordinating Actions • Linked from (1)	0.1MB
					15	Letter	Ronald A. Brown, Jr.'s Letter to Vice Chancellor Lamb with Plaintiffs' Notice, Motion and Proposed Order Consolidating and Coordinating Actions	0.1MB
						Notice	Notice of Plaintiffs' Motion for Entry of an Order Consolidating and Coordinating Actions	0.1MB
						Certificate of Service	Certificate of Service to Plaintiffs' Notice, Motion and Proposed Order Consolidating and Coordinating Actions	0.1MB
4962256	1/14/2005 5:00 PM EST	Scanned Document Upload	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Kenneth Lagowski, DE Court of Chancery	12	Register's Certificate	Register's Certificate for Registered Mailing	0.4MB
4908375	1/7/2005 5:06 PM EST	File Only	Multi-Case	Joseph A Rosenthal, Rosenthal Monhait Gross & Goddess PA	11	Complaint - Class Action or Derivative Claims Supplemental Information Sheet	Complaint • Linked from (19)  Supplemental Information Pursuant to Rule 3(A) of the Rules of the Court of Chancery	0.4MB  0.1MB
4900025	1/6/2005 5:36 PM EST	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	9	Summons	Summons and Return of Service as to Defendants Americas Mining Corporation and Southern Peru Copper Corporation • Linked to (1)	0.1MB
					10	Summons	Summons and Return of Service as to Individual Defendants • Linked to (1)	0.1MB
4893808	1/6/2005 11:39 AM EST	File Only	Multi-Case	Joseph A Rosenthal, Rosenthal Monhait Gross & Goddess PA	8	Complaint - Class Action or Derivative Claims Supplemental Information Sheet	CLASS ACTION AND DERIVATIVE COMPLAINT • Linked from (21)  SUPPLEMENTAL INFORMATION PURSUANT TO RULE 3(A) OF THE RULES OF THE COURT OF CHANCERY	0.4MB  0.1MB
4884593	1/4/2005 5:00 PM EST	Scanned Document Upload	961-CS CONF ORDER In re: Southern Peru	Kenneth Lagowski,	7	Summons	Motion, Order for Special Process Server; Issued Summons to SPS (2 copies); Issued 3114	0.2MB

			Copper Corp Shareholder Derivative Litigation	DE Court of Chancery			Summons to SPS (12 copies)	
4861798	12/30/2004 11:26 AM EST	File Only	961-CS CONF ORDER In re: Southern Peru Copper Corp Shareholder Derivative Litigation	Ronald A Brown, Prickett Jones & Elliott	1	Complaint with 3 or More Defendants	Complaint • Linked from (64)	0.7MB
					2	Case Information Statement	Supplemental Information Statement Pursuant to Rule 3(A)	0.1MB
					3	Motion	Motion for Appointment of Special Process Server	0.1MB
					4	Proposed Order	Proposed Order Appointing Special Process Server	0.1MB
					5	Affidavit	Statement Under Chancery Court Rule 4(dc) Regarding Service Under 10 Del. C. Section 3114	0.1MB
					6	Letter	Letter to Register in Chancery Regarding Service of Complaint and Related Suit Papers	0.1MB
						Notice	Notice of Motion for Appointment of Special Process Server	0.1MB
1-251 of 251 transactions <<Prev Page 1 of 1 Next>>								



JX\_096

**From:** Fernandes, Ana <Ana.Fernandes@gs.com>  
**Sent:** Tuesday, February 17, 2004 6:02 PM (GMT)  
**To:** hshandel@pritzkerorg.com  
**Cc:** Trott, Byron <byron.trott@gs.com>; Sanchez, Martin <martin.sanchez@gs.com>; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>; Riva, Sofia <Sofia.Riva@gs.com>  
**Subject:** GS Materials  
**Attach:** Presentation for SPCC Special Committee from Goldman Sachs.pdf

---

Dear Mr. Handelsman,

Please find attached the materials we have put together for our discussion with the Special Committee this evening. We apologize for the delay in sending you these materials.

Please let us know if you have any questions. The meeting is scheduled for 6:30 PM NY time. We have set up a dialing number as per details below:

Sincerely, GS Team

Meeting Telephone Number - 1 (212) 357-6338  
Meeting ID - 2413

<<Presentation for SPCC Special Committee from Goldman Sachs.pdf>>

Goldman, Sachs & Co.  
Av. Pres. Juscelino Kubitschek, 510 - 6º andar  
Tel: 55-11-3371-0765  
Fax: 55-11-3371-0704  
E-mail: ana.fernandes@gs.com  
Goldman  
Sachs

Ana Fernandes Kertész  
Investment Banking Division

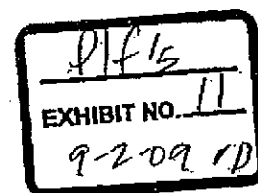
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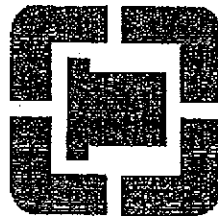
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A70



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**Presentation to the Special Committee**



**SOUTHERN PERU**

Goldman, Sachs & Co.  
February 17, 2004

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A71

## Table of Contents

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	Appendix C: Additional Goldman Sachs Credentials
	Appendix D: Special Committee Situations
	Appendix E: Selected Recent Case Studies on Special Committee Advisory
	Appendix F: Metals and Mining Outlook

*Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you (and your employees, representatives and other agents) may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, with no limitations imposed by Goldman Sachs.*



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**SP COMM 007475**  
**A73**

## **I. Goldman Sachs' Credentials**

# Our Understanding of Key Criteria for the Selection of an Advisor

## Independence



- Goldman Sachs has NO existing investment banking relationship with Grupo Mexico or SPCC

## Extensive Special Committee Advisory Experience



- Goldman Sachs is a leader in Special Committee advisory assignments, with recent involvement in different types of situations including raid defense, minority squeeze-out, conflicting situation with controlling shareholders among others
- Wide recognition for not being afraid to say NO

## M&A Experience



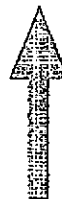
- Goldman Sachs continues to lead its competitors in worldwide M&A transactions
  - Number 1 position with a 36% market share during 1999 - 2003
- Leading Investment Banking franchise in Latin America

## Quality of Advice



- Goldman Sachs has been consistently recognized the M&A advisor of choice in the CFO and Wall Street Journal Banking Surveys
- GS Principle #1: "Our clients' interests always come first..."
- GS Principle #5: "We stress creativity and imagination in anything we do..."
- GS Principle #14: "Integrity and honesty are at the heart of our business..."

## Dedicated Team

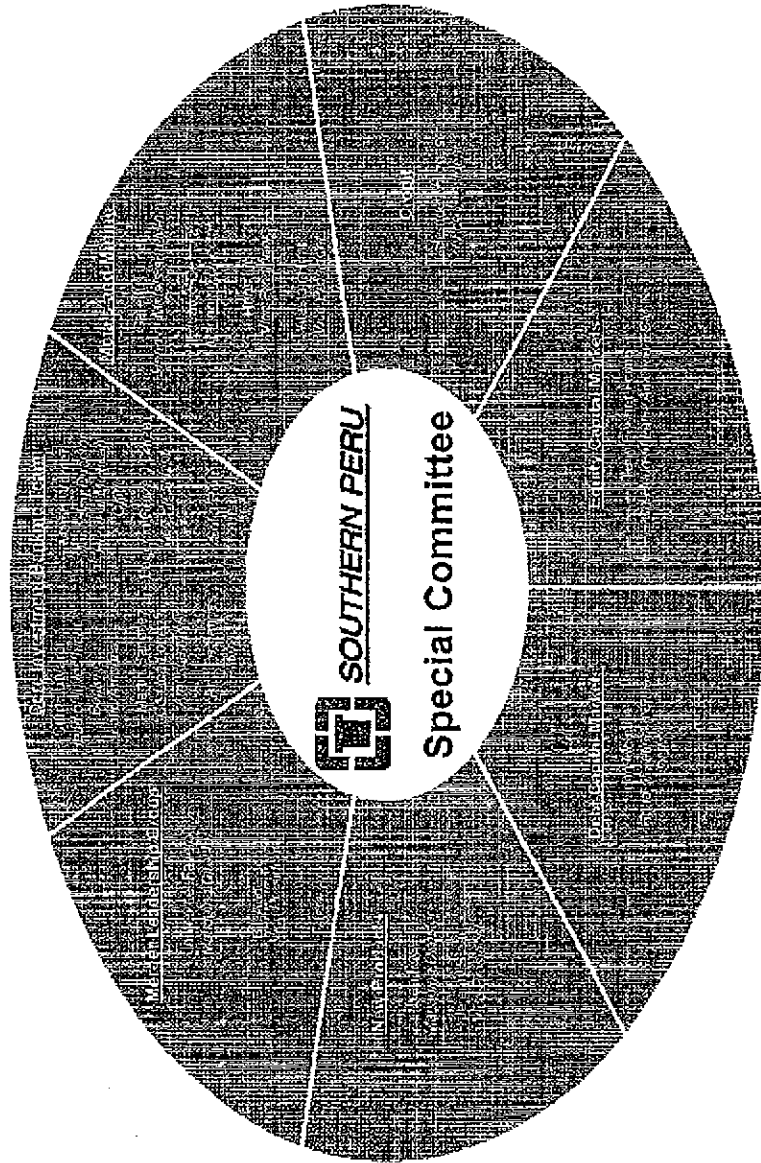


- Goldman Sachs would employ a team of professionals from the Investment Banking Division with deep regional, industry and transactional knowledge and expertise
- Experience in dealing with complex situations



## Your Goldman Sachs Team

Goldman Sachs would employ a multi-disciplined advisory approach that leverages off of industry, regional, product and market expertise across areas to address the Special Committee's specific needs and provide you with the highest quality advisory services.

















# Goldman Sachs Team Biographies

## Core Team Members Biographies

- **Corrado Varoli** – Head of Latin America Investment Banking. Corrado joined Goldman, Sachs & Co. in 1989 as a Managing Director in the High Technology Group. Prior to joining Goldman Sachs, Corrado was at Morgan Stanley as Managing Director in Mergers and Acquisitions (1986-1989). Corrado advised on key transactions in 2002: Petrobras/Perez Compani; Ambev/Quilmes; Restructuring of Globo; America Movil's acquisition of Bell Canada Int. and CVRD/Mitsui – Caemi. He advised Compañía Anónima Nacional Telefónica de Venezuela (CANTV) raid defense against US\$1.37 billion unsolicited offer from AES in 2001. Advised the Brazilian Government in the privatization of Telebras. Extensive expertise in the Power Industry as team leader in the privatizations of Elefrio, Bandeira, and CPFL among others. Advised Telcel on valuation and acquisition of a Brazilian PCS license through an auction process in January 2001. Advised Telefonos on its tender offer for minorities in Telecom assets in Argentina, Peru and Brazil. Corrado graduated from Georgetown University, M.B.A., 1987 and McMaster, B.A., 1984.
- **Marlin Warner** – Head of Mexican Office/Managing Director. Marlin joined Goldman, Sachs & Co. in 2001 as a Managing Director in the Mexican Office. Before joining Goldman, Sachs & Co. Marlin worked as Advisor to the Undersecretary of Finance and Public Credit of Mexico (1985 – 1987), Public Debt Director, Ministry of Finance and Public Credit (1992 – 1994), General Director of Public Credit, Ministry of Finance and Public Credit (1995-1996) and Undersecretary of Finance and Public Credit, Ministry of Finance and Public Credit (1997-1999). Marlin worked on various transactions, including ING acquisition of Seguros Comercial America for \$791 million; Citigroup acquisition of Banacci for \$12.8 billion. UMS \$1.5 billion debt offering due 2031 and Pemex \$750m debt offering due 2011. Marlin has a Bachelors Degree in Economics from ITAM (1986) and a Ph.D in Economics from Yale University (1991).
- **Marlin Sanchez** – Co-head of Latin America Mergers & Acquisitions. Marlin joined Goldman Sachs International, Mergers & Acquisitions Department, London Office, as a Financial Analyst in 1992. Transferred to the New York Office as an Associate in 1995. Promoted to Vice President in 1999 in the U.S. Mergers & Acquisitions Department. Marlin is currently the Co-head of Latin America Mergers & Acquisitions. Marlin has extensive experience in working on merger and acquisition situations in the region and across industries having been involved in several of the largest transactions executed by Goldman, Sachs & Co. in Latin America. Advised Repsol in the Purchase of YPF. Advised Telefonos in their acquisitions in Latin America. Advised Quilmes in its alliance with Ambev. Advised Telcel in its acquisition of AT&T Latin America. Marlin has also been involved in several self-side assignments for our multinational clients and families in the region. Graduated from CUNEF, B.A., 1992.
- **Eugenio Garza y Garza** – Vice President in the Latin American Group. Eugenio joined Goldman, Sachs & Co. as an Associate in the Latin America Group in 1997. He was promoted to Vice President in 2000. Prior to joining Goldman, Sachs & Co., Eugenio was an associate at Booz Allen & Hamilton, Inc. (1993-1995). Eugenio's recent transactions include United Mexican States secondary sale of \$850 M in BBVA Bancomer shares (2002), United Mexican States issue of \$1.0 B in 12 year bonds that introduced Collective Action Clauses (2003), Auchan, S.A. sale of 6 Mexican properties to Contralora Comercial Mexicana (2002), Comisión Federal de Electricidad private placement of Y32 billion in 30 year notes (2002), Cemex, S.A. de C.V. \$413 M offer for Trinidad Cement Limited (2002), Cemex, S.A. de C.V. \$250 M acquisition of Puerto Rican Cement Company, Inc., (2002). Eugenio studied at Stanford University Graduate School of Business, M.B.A., 1997 (Arjay Miller Scholar) and I.T.E.S.M., B.S. in Chemical Engineering, 1992. Advised the independent committee of the board of directors of BBVA Bancomer in connection with their response to the outstanding offer from BBVA to purchase the remaining 40.6% stake in BBVA Bancomer.
- **Ana Fernandes** – Ana Fernandes joined Goldman Sachs in 2002 as an Associate in the Latin American Advisory Group in New York and relocated to the São Paulo office in 2003. Ana has also worked at Goldman Sachs São Paulo office as an Analyst from 1997 until 2000. She has extensive experience in the Latin American region and has worked in different M&A and financing transactions. Ana worked on the recent \$900 mm restructuring of Telecom Italia Mobile's Brazilian subsidiaries; on the \$1.2 bn sovereign bond for the Republic of Brazil, Telefonos in its tender for the minorities of Telesp and Tele Sudeste Celular in January 2000 for US\$13 billion. Ana earned her B.A. from Fundação Getúlio Vargas in 1997 and earned her M.B.A. from Harvard Business School in 2002 with Honors.
- **Sofia Riva** – Joined Goldman, Sachs & Co. as an analyst in the Latin America Group in 2003, after spending a year in Deutsche Bank. Sofia worked on Telcel's acquisition of AT&T Latin America as well as on a variety of assignment in different industries throughout the region. Sofia graduated from the Wharton School, University of Pennsylvania 2002, with a BS in Economics.

## Our Business Principles

Clients Come First

- |   |   |   |  |
|---|---|---|--|
|    | Our clients' interests always come first...   |    | We stress teamwork in everything we do...  |
|    | Our assets are our people, capital and reputation...  |    | The dedication of our people to the firm and the intense effort they give their jobs are greater than one finds in most other organizations... |
|    | Our goal is to provide superior returns to our shareholders...  |    | We consider our size an asset that we try hard to preserve...  |
|    | We take great pride in the professional quality of our work...  |    | We constantly strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs...                |
|    | We stress creativity and imagination in everything we do...   |   | ...To breach a confidence or to use confidential information improperly or carelessly would be unthinkable.                                    |
|  | We make an unusual effort to identify and recruit the very best person for every job...                 |  | Our business is highly competitive, and we aggressively seek to expand our client relationships...   |
|  | We offer our people the opportunity to move ahead more rapidly than is possible at most other places... |  | Integrity and honesty are at the heart of our business...  |

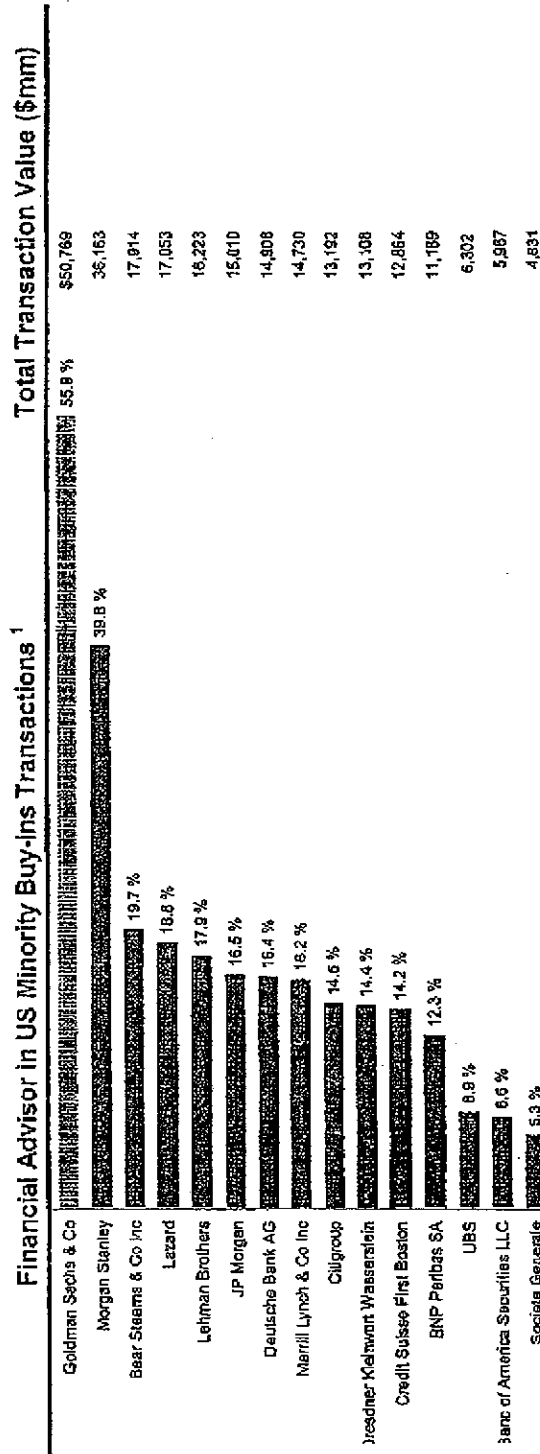


# Goldman Sachs' Special Committee Advisory

## Selected Transactions in which Goldman Sachs Has Advised a Special Committee

GS Client	Other Side	Primary Industry	Project Type	Size (\$ mm)
2003 UnitedGlobalCom Europe	UnitedGlobalCom / Liberty Media	Media	Minority Interest Advisory	1,300
2002 Dole	David H. Murdoch, CEO	Consumer Products	Minority Interest Advisory	2,500
2001 BancWest	BNP Paribas	Banking	Exclusive Seller	4,456
2000 Times Mirror	Tribune	Media	Exclusive Seller	9,231
1999 Burnham Pacific Properties	Schottenstein	REIT	Raid Defense	1,138
1999 EOG Resources	Enron	Oil & Gas Exploration	Divestiture	1,046
1998 BET Holdings, Inc.	Liberty Media & Robert Johnson	Media	Minority Interest Advisory	462
1997 Melamine Chemicals	Ashland Inc.	Chemicals	Exclusive Seller	64

## Financial Advisor in US Minority Buy-Ins Transactions <sup>1</sup>

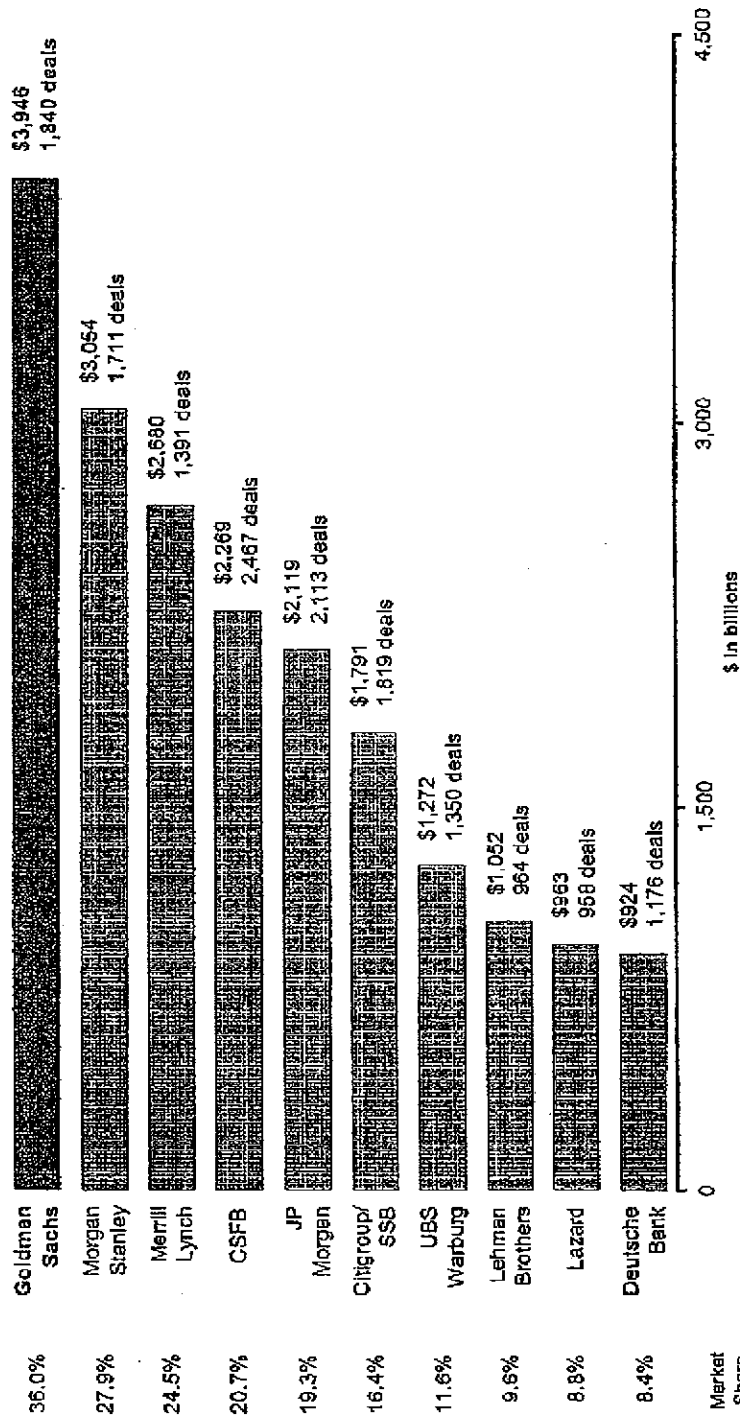


<sup>1</sup> 1997-2003.

# Investment Banks Ranked in Order of Dollar Volume of Announced Worldwide Merger Transactions

1999-2003

Goldman Sachs continues to lead its competitors with total transactions of \$3.9 trillion announced during 1999-2003



Source: Thomson Financial Securities Data



## M&A Advisory Activity

### 2003 Highlights

Goldman Sachs advised on several notable transactions in 2003, including Bank of America's acquisition of FleetBoston Financial, Anthem's merger with WellPoint Health, NBC's acquisition of Vivendi Universal Entertainment, and several notable raid defense situations, including defending Dana (AnInMentor), Pechiney (Alcan), PeopleSoft (Oracle) and Taubman Centers (Simon Property Group and Westfield America).

#### 2003 Global Announced League Tables

29.9%	Goldman Sachs	\$394.6 / 289 Deals
18.0%	JP Morgan Chase	\$239.8 / 240 Deals
16.5%	Citigroup	\$320.1 / 306 Deals
16.1%	Bank of America	\$214.3 / 184 Deals
15.7%	Wells Fargo	\$209.7 / 288 Deals
	<b>Total 2003</b>	<b>Volume: \$1,903</b>
Market Share	0 100 200 300 400 500	Value (\$bn)

#### 2003 U.S. Announced League Tables

45.6%	Goldman Sachs	\$240.2 / 143 Deals
22.3%	JP Morgan Chase	\$117.5 / 88 Deals
19.0%	Citigroup	\$100.1 / 154 Deals
18.9%	Bank of America	\$98.4 / 111 Deals
17.9%	Wells Fargo	\$94.5 / 145 Deals
	<b>Total 2003</b>	<b>Volume: \$806</b>
Market Share	0 50 100 150 200 250 300	Value (\$bn)

Source: Thomson Financial Securities Data

#### Top 20 Goldman Sachs Announced Deals - 2003

Acquiror	Target	Value (\$bn)
Bank of America	FleetBoston Financial	\$49.3
Ing C Olivetti & Co	Telecom Italia	27.8
Anthem	WellPoint Health Networks	16.4
St. Paul Cos.	Travelers Property Casualty	16.1
NBC	Vivendi Universal Entertainment	13.7
Manulife Financial	John Hancock Financial Services	11.1
General Electric	Ameripham	9.8
Silverstar UK Properties	Canary Wharf Group	8.0
Liberty Media	GVC	7.9
BP - Russian Assets	Alfa, Renova - Russian Assets	7.6
First Data	Concord EFS	7.2
Citigroup	Sears, Roebuck - Credit Card	7.1
France Telecom	Orange	7.1
Alcan	Pechiney	7.1
News Corp	Hughes Electronics	6.9
Shareholders	Medco Health Solutions (Merck)	6.8
IDEC Pharmaceuticals	Bogen	6.1
Oracle	PeopleSoft	5.9
Koch Industries	Invista	4.4
Blackstone, Apollo, GS Cap Partners	Onco Bio	4.4
<b>Total Volume - Top 20 GS Advised Deals</b>		<b>\$230.7</b>
<b>Total Volume - All GS Advised Deals</b>		<b>\$394.6</b>

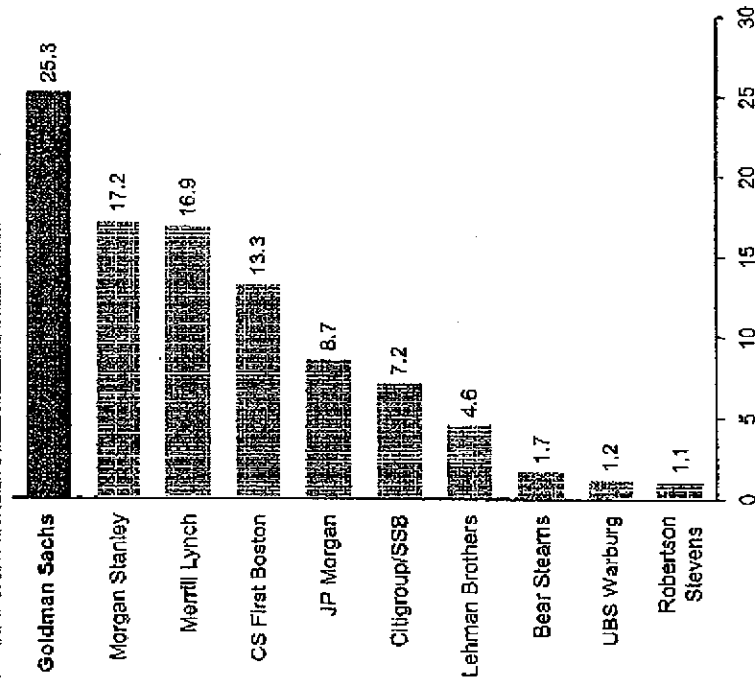
Note: GS clients in bold.



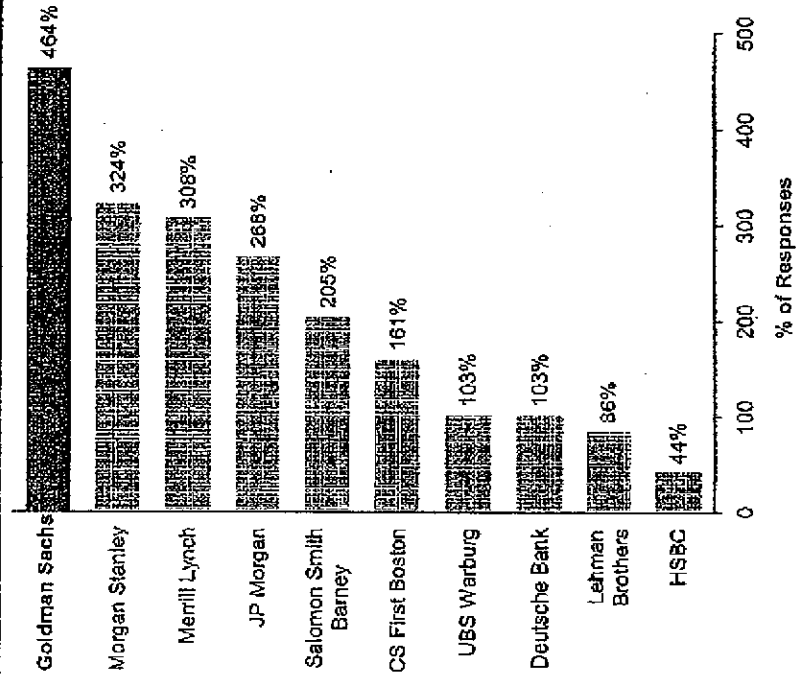
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## Global Mergers & Acquisitions Leadership Accolades for Goldman Sachs Advisory Roles

Recognition of Advisory Expertise –  
2002 CFO Survey



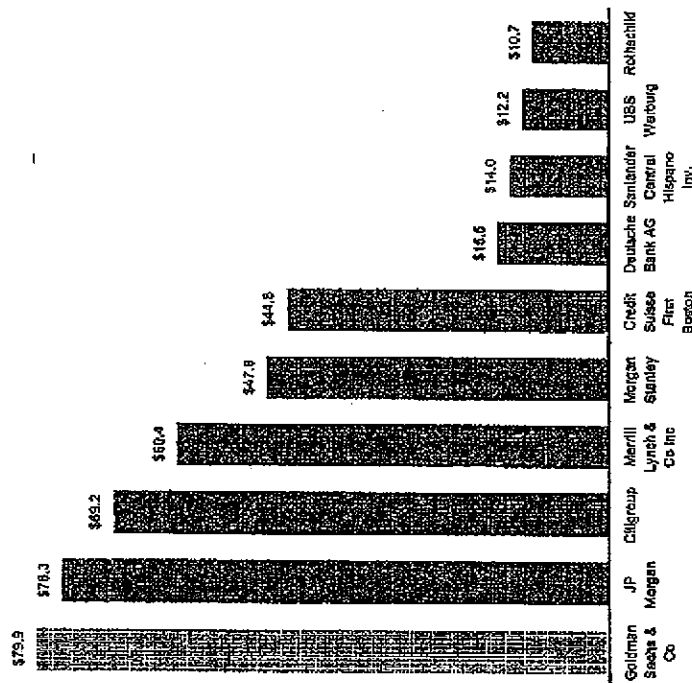
The Wall Street Journal's 2002  
Global Investment Banking Survey



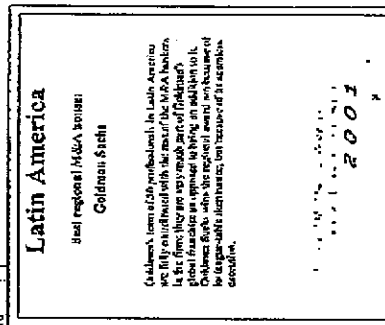
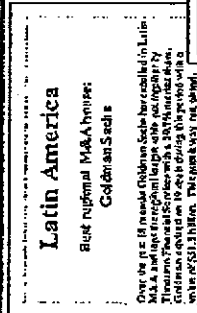


# Goldman Sachs Leadership in Latin America

## A History of Execution Achievement, 1999 - 2003 (US\$ billions)



## Two Consecutive Years as the Region's Leading Merger Advisor



In 2002 and 2003, Goldman Sachs has been recognized by Euromoney Magazine as

- The World's Best M&A House
- Best M&A House in the United States
- Best M&A House in Venezuela
- Best M&A House in Brazil



Source: Securities Data Corporation. Full Credit to both Targa and Acquirer Advisor. Excludes self-advised deals by SSB for US\$13.7 bln (Citigroup's acquisition of Banamex for US\$12.5 bln and Citigroup's acquisition of Aegion for US\$1.2 bln).

# Award-Winning M&A Leadership in Latin America



For 2002 and 2003, Goldman Sachs has been recognized by Euromoney Magazine as

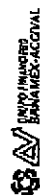
- The World's Best M&A House
- Best M&A House in the United States
- Best M&A House in Venezuela (2002)
- Best M&A House in Brazil (2003)

**Merger and Acquisition Deal of the Year Award: Latin Finance, February 2003**

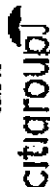
- Advised Petrobras in its largest acquisition ever made by acquiring 59.6% of Perez Companie, Argentina's second largest oil company



US\$1.0 billion  
Acquisition of majority  
interest of Perez Companie



US\$12.0 billion  
sale to



**Goldman Sachs advised on 12 of the 16 M&A transactions awarded Deal of the Year, by Institutional Investor, including:**

- Banacof's sale to Citigroup, the largest financial institution M&A transaction in Latin America and largest M&A transaction in Mexican history



US\$13 billion  
Acquisition/tender  
for control of YPF

**Mergers and Acquisitions Deal of the Year Award: Latin Finance, February 2000; Institutional Investor, January 2000; Investment Dealers Digest, December 1999 and Corporate Finance, December 1999**

- Advised Repsol in the largest-ever public tender offer for control of a Latin American company, Argentine oil company YPF.



US\$14.2 billion  
Tender offer to acquire shares of:  
Telefonica de Peru, Telefonica de  
Argentina, Tele Sucoeste, Telcel

**Advised Telefonica of Spain in its consolidation of holdings in four Latin American companies in July 2000**

- Advised Telefonica S.A. in the acquisition of the remaining shares outstanding not already owned of Telefonica del Peru for \$1.8 billion as part of the \$14.2bn global tender offering for four of its Latin American subsidiaries (Brazil, Argentina and Peru)
- First and largest multi-country tender offer in Latin America



Raid defense against



**The first successful raid defense in Latin America**

- Defense included a share repurchase and extraordinary dividend payout, presenting a more attractive alternative to an offer from AES.



# Goldman Sachs' Metals and Mining Industry Experience

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SP COMM 007486

## GS Metal and Mining Team

Gareth Turner <i>Managing Director</i>	Head of Global Metals and Mining
Paul Perry <sup>1</sup> <i>Executive Director</i>	Head of Australian Resources
Martin Grant <i>Director</i>	Australia Metals and Mining
Alastair Hunt <i>Vice President</i>	Head of America's Metals and Mining
Eduardo Centola <i>Managing Director</i>	South America Metals and Mining
Johan Leven <i>Managing Director</i>	Asia and Australia

## Relevant Transactions

 \$4.8 billion Sale to  July 2003	 US\$2.8 billion Sale to  January 2002
 US\$2.2 billion Acquisition of  November 2001	 US\$2.8 billion Acquisition of  November 2001
 \$5.1 billion Merged with  August 1999	 \$4.8 billion Sale to  August 1999

<sup>1</sup> Goldman Sachs JBWere.



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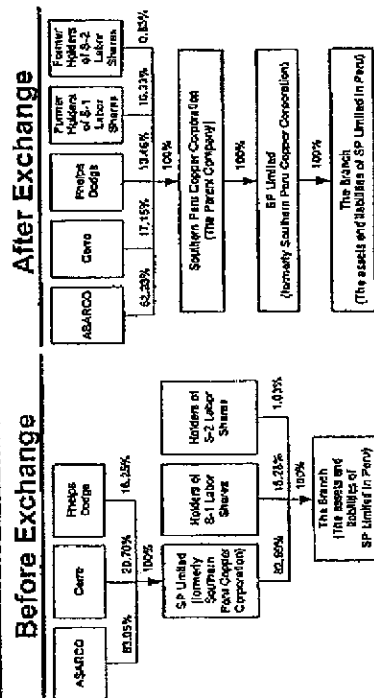
# Southern Peru Copper Corporation Exchange Offer and NYSE Listing

December 1995

## Overview

- SP Limited, a Delaware HoldCo, controlled 82.69% of the "Branch", entity that held all assets and operations in Peru. The remaining 17.31% was held by Labor Shareholders (S1 and S2 who had different rights with respect to pre and post 1995 distributions). Asarco, PD, and Cerro (The Funding stockholders) controlled SP Limited
- Exchange Offer provided a way for Labor Shareholders to move their positions into a vehicle that could (i) be more transparent from a governance perspective (Delaware and Board seats), (ii) provide a more liquid trading market (NYSE and Lima), (iii) simplify the capital structure, (iv) provide greater access to capital markets
- Goldman Sachs acted as financial advisor to SPCC and as dealer manager in the Exchange Offer

## Transaction Structure



## Prospectus







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## **II. Situational Analysis**

## Situational Overview

- On February 3, 2004, Grupo Mexico presented a proposal regarding the possible sale to Southern Peru Copper ("SPCC") of all the shares Grupo Mexico currently owns in Minera Mexico in return for the issuance of additional SPCC shares to Grupo Mexico
  - Grupo Mexico currently owns a 98.84% stake in Minera Mexico and a 54.2% stake in SPCC
- SPCC has assembled a Special Committee of Disinterested Directors composed of member of its Board of Directors to represent the interests of the minority shareholders and evaluate whether the proposal is in the best interests of the stockholders of SPCC
- Grupo Mexico has engaged UBS as advisor in the proposed sale
- Potential stated drivers by Wall Street Research to Grupo Mexico's proposal include:

### Expected robust copper prices

- Leverage off current expected strong recovery of copper pricing

- Strong demand from China, demand recovery in the Western world, recent output interruptions and a weak U.S. dollar
- Average Wall Street estimates forecast copper at US\$1.10/lb in 2004 and US\$1.30 / lb in 2005, versus the current US\$ 1.0 / lb

### Financial Situation

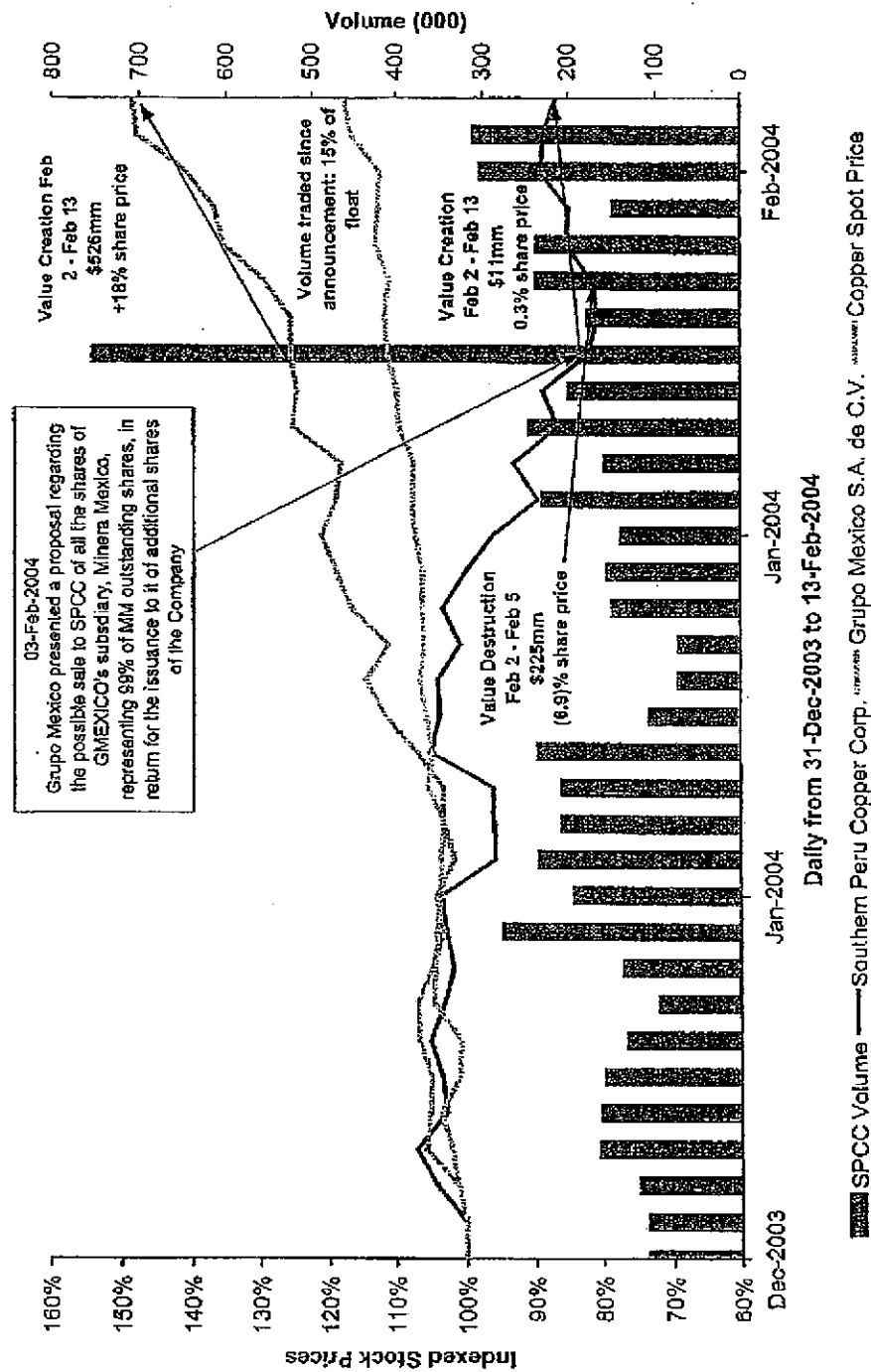
- As a way to improve Grupo Mexico's and Minera Mexico's balance sheet given significant leverage ratio and financial performance and potential synergy generation

### Fulfill Capex Requirements

- As a result of the high leverage, Grupo Mexico has been limited in its ability to invest to fully develop its resource base. High capital requirements are expected in 2004 and 2005 to allow for equipment modernization and compliance with environmental regulation

- While the terms of the Grupo Mexico proposal have not been publicly disclosed, the overall reaction by the research community has been negative, especially with respect to the valuation aspects of the proposal

# SPCC and Grupo Mexico Recent Share Price Performance



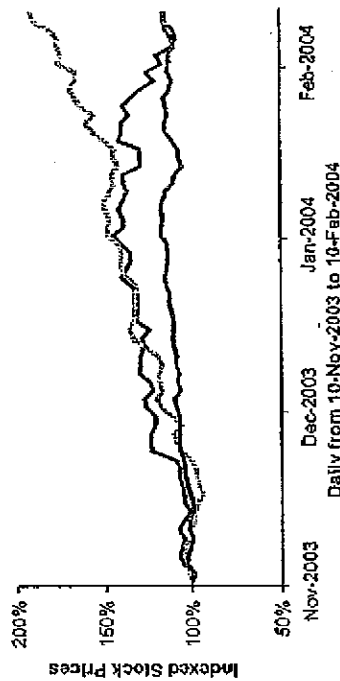
# Research Analysts' Reaction to Grupo Mexico's Proposal

Date	Research House	Research Analyst	Comments
February 4 <sup>th</sup> , 2004	Goldman Sachs	Alberto Arias	<ul style="list-style-type: none"> <li>■ Grupo Mexico is proposing the sale of its Mexican mining subsidiary to Southern Peru Copper in exchange of 72.3 million SPCC shares (approximately US\$3.0 bn in value)</li> <li>■ SPCC would be assuming all of the Mexican's mining subsidiary current debt levels of US\$1.3 bn</li> <li>■ Terms appear unfavorable for SPCC on a preliminary basis</li> <li>■ We consider the valuation high for the Mexican's mining subsidiary based on Grupo Mexico's current share price and SPCC share prices</li> <li>■ Opening new access to financing in the NYSE</li> <li>■ We believe that this transaction would turn SPCC into a vehicle by which Grupo Mexico would be able to finance new growth opportunities in the copper market</li> <li>■ We estimate that this transaction would increase Grupo Mexico's interest in SPCC from 54.2% to 76.1 %</li> <li>■ Grupo Mexico benefited from the acquisition of Asarco's interest in SPCC last year, which valued Asarco's 54.2% stake in SPCC at approximately US\$765 million when the copper cycle was depressed. Grupo Mexico is now selling its Mexican Mining subsidiary to SPCC at a time when the market has re-rated copper assets due to a strong cyclical upturn. We believe that both transactions benefit Grupo Mexico's shareholders</li> </ul>
February 4 <sup>th</sup> , 2004	Centura SAB	Luis Bravo	<ul style="list-style-type: none"> <li>■ Although Minera Mexico ("MM") holds significant copper reserves, their lower ore grade sets Minera Mexico as a less efficient operation than that of SPCC</li> <li>■ It is important to consider that MM's significant leverage ratio (\$1.3 bn in debt) has been the main factor behind its poor financial performance. Therefore, we consider that Grupo Mexico's move may be aimed at improving MM's balance sheet by merging it with that of SPCC's in order to stop eroding value</li> <li>■ Overall, the Special Committee of Disinterested Directors comprised of members of SPCC's Board will evaluate whether the proposal is in the best interest of SPCC's stockholders</li> </ul>
February 5 <sup>th</sup> , 2004	Bear Stearns	Daniel Altman	<ul style="list-style-type: none"> <li>■ Motivations for this transaction include (a) transferring its overleveraged Mexican assets to the underleveraged PCU; (b) achieving a higher valuation for its huge reserve base; (c) liquidity – the ability to sell down some of its PCU shares/collect dividends to reduce debt, while maintaining control; (d) primary listing on the NYSE for most of the copper assets; and (e) potential synergies</li> <li>■ Bottom line: Recall, we still view Grupo Mexico as a good, albeit speculative, vehicle to invest in the sector given (a) our robust forecast for copper pricing; (b) solid balance sheet turnaround potential; (c) strong operating leverage to the cycle; and (d) proposed improvements to disclosure/communication with the investment community.</li> </ul>
February 5 <sup>th</sup> , 2004	Sanlander Central Hispano	Manuel Salazar	<ul style="list-style-type: none"> <li>■ First, a company with lower profitability would be merged with Southern Peru</li> <li>■ Second, Minera Mexico has US\$1.3 billion in debt, about 44% of Grupo Mexico's total debt. If Southern Peru takes control of Minera Mexico, then it would be responsible for paying the debt</li> <li>■ Should the deal go through, Southern Peru minority shareholders would, in effect, get a less profitable company burdened with debt, and they have to pay for it by diluting their stake in Southern Peru, which, in our opinion, is not an attractive prospect</li> </ul>

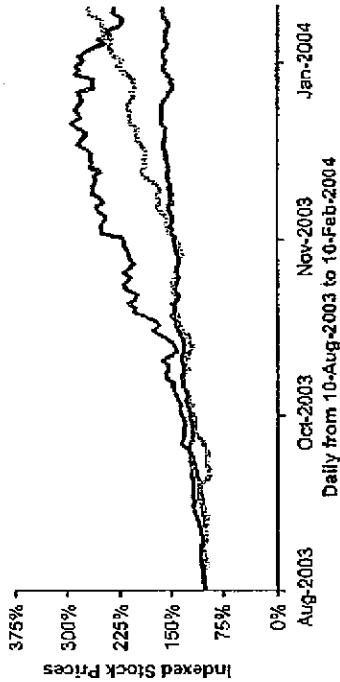


## SPCC and Grupo Mexico Historical Share Price Performance

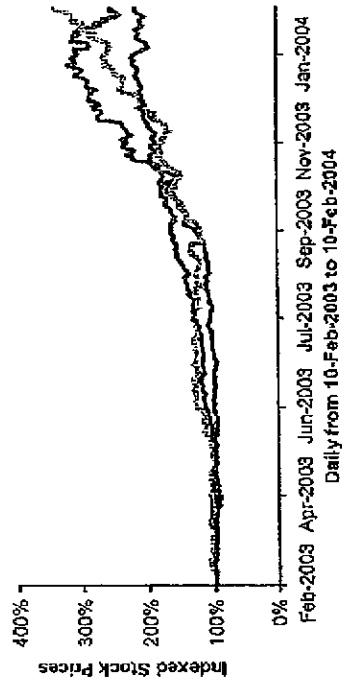
3 Months



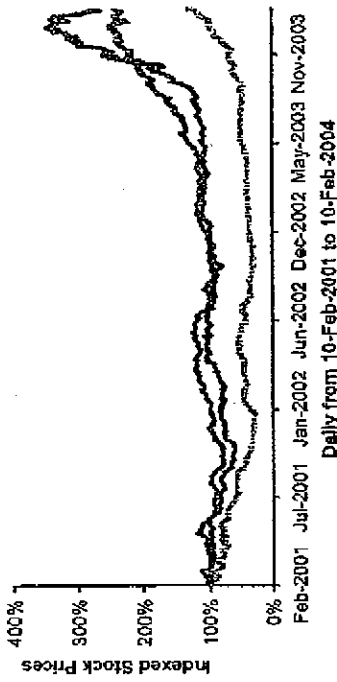
6 Months



1 Year



3 Years



— Southern Peru Copper Corp.

..... Grupo Mexico S.A. de C.V.

..... Copper Index (1)

<sup>1</sup> Copper Index includes Antofagasta, Phelps Dodge and Freeport.

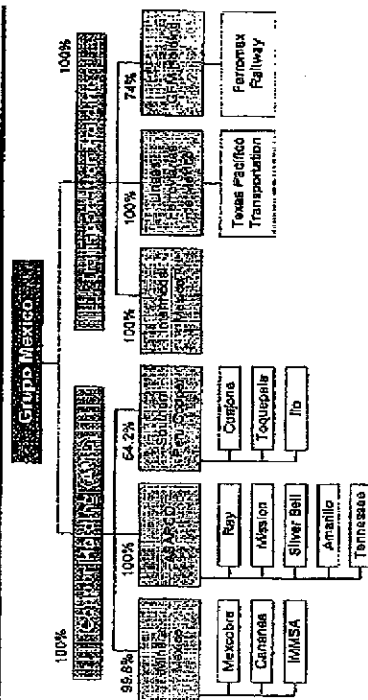
# Minera Mexico

## Company Description

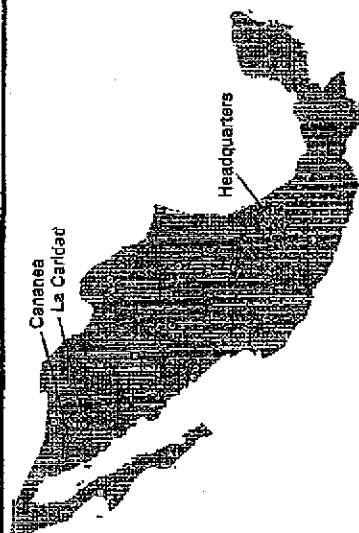
### Business Overview

- Minera Mexico is a fully-owned subsidiary of Grupo Mexico (98.84% stake), and is the largest mining company in Mexico
- Minera Mexico is composed of three key units: Mexicana de Cobre, Cananea, and Industrial Minera Mexico (IMMSA), running ten mines, as well as 11 smelters and refineries
  - The Mexcoba Unit consists of the La Caridad mine, mill, SXEW, smelter, and refineries
  - The Cananea mine is one of the world's largest copper mines. It has a competitive cash cost basis and exploits both mill and leach ore, but is considered to be highly underinvested
  - The IMMSA unit is primarily composed of seven small, high-grade, underground mines. Several of the IMMSA mines are being mined for mostly zinc and silver. The IMMSA unit also includes zinc and copper smelting and refining facilities in San Luis Potosi (SLP) and the Nueva Rosita coal mine and processing facilities in Coahuila

### Ownership Structure



### Location ~ Main Assets



### Key Financial Figures

(US\$m)	2001A	2002A	2003E	2004E	2005E
Net Revenue	801.5	723.8	777.2	1,083.6	1,279.9
COGS	785.7	576.5	553.8	624.9	656.5
Depreciation	89.6	89.8	100.0	105.0	110.0
Gross Profit	46.2	57.5	123.2	364.1	513.4
Operating Expenses	38.3	41.8	37.5	55.7	65.0
Operating Income	6.9	15.7	85.8	308.4	448.4
EBITDA	86.5	105.5	185.8	413.4	558.4
Gross Margin	5.1%	7.9%	15.9%	33.3%	40.1%
Admin. Expenses/Sales	4.4%	5.8%	4.7%	5.0%	5.0%
Operating Margin	0.8%	2.2%	11.0%	28.2%	35.0%
EBITDA Margin	10.7%	14.6%	23.9%	37.8%	43.6%

Source: Company information and Wall Street Equity Research.



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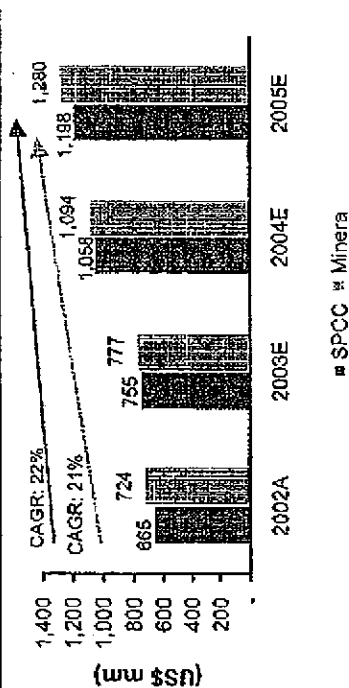
### **III. Valuation Observations**

# Key Operating Figures

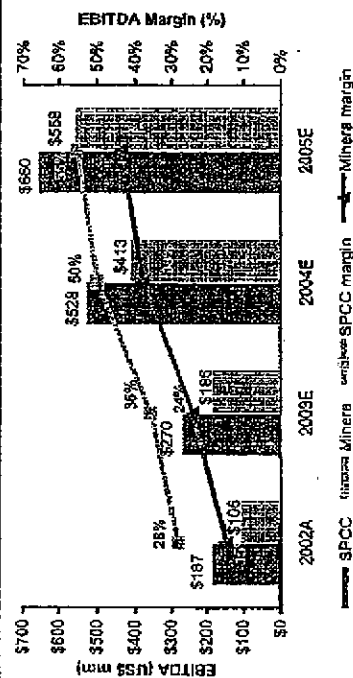
## Minera Mexico Vs. SPCC

(US\$ millions)

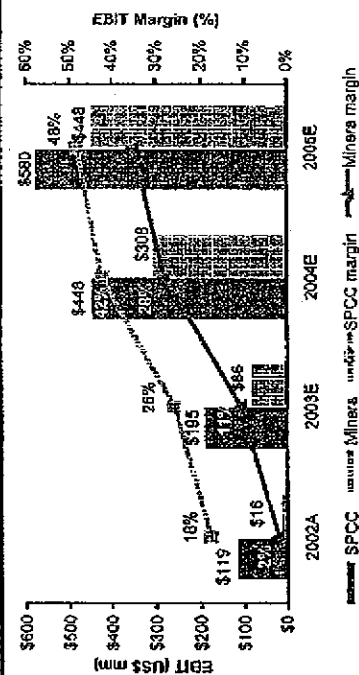
### Net Revenues



### EBITDA and EBITDA Margin



### EBIT and EBIT Margin



### Total 2002 Debt / 2002 EBITDA



Source: Wall Street Research.



# Valuation Observations

## Contribution Analysis

	SPCC	Unadjusted	SPCC Multiple <sup>1</sup>	Adjusted <sup>2</sup>	Minera	# of SPCC Shares to be issued <sup>3</sup>
<b>Sales</b>						
2003E	\$755	49.3%	4.2x	61.3%	\$777	50.6
2004E	1,058	48.2%	3.0x	61.1%	1,084	51.0
2005E	1,198	46.3%	2.6x	59.6%	1,280	53.8
<b>EBITDA</b>						
2003E	\$270	59.2%	11.7x	72.3%	\$166	22.3
2004E	528	58.1%	6.0x	72.2%	413	30.2
2005E	660	54.2%	4.8x	64.3%	558	35.4
<b>EBIT</b>						
2003E	\$195	69.5%	16.2x	97.8%	\$86	1.8
2004E	448	59.2%	7.1x	78.1%	308	22.4
2005E	580	56.4%	5.5x	76.4%	448	28.1
<b>Book value</b>	\$1,290	66.1%	NM	66.1%	\$663	41.1
<b>Copper Ore Reserves (mm tons)</b>	1,794	33.0%	1.77x	37.5%	3,643	133.4
<b>Pro forma # of shares<sup>4</sup></b>	80		NM	52.5%	72.3	72.8

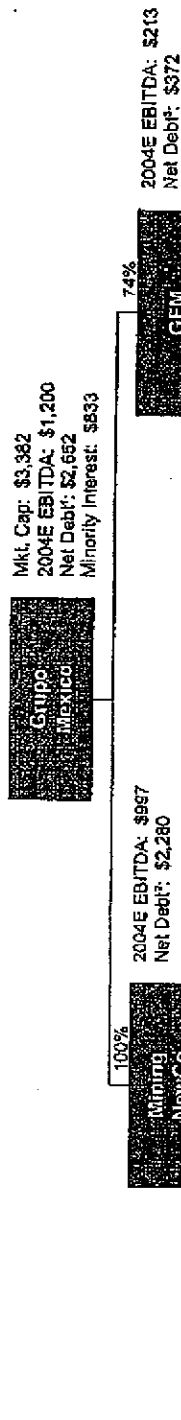
<sup>1</sup> Market values as of 2/6/04. Share price for SPCC of US\$38.3.

<sup>2</sup> Assuming SPCC's multiples are the same for Minera and considering each company's net debt position - US\$102mm for SPCC and US\$1.3bn for Minera.

<sup>3</sup> Assuming pro-forma adjusted contribution figures.

<sup>4</sup> Assumes issuance to Grupo Mexico of 72.3mm shares as per Wall Street Research.

# Breakup Valuation Summary Valuation Parameters



## Residual Value of GMM

	Grupo Mexico Market Cap	\$3,382
+	Add 15% Holding Co. Discount	+507
-	GFM Stake (74% x (\$213 x 5 - 372))	-513
-	Asarco (\$56 x 2 - \$918)	-(414)
-	SPCC (\$4.2% x 3,272)	-1,773
As Is	Implied GMM Equity Value	\$2,017
	Implied GMM 2004E Multiple	8.0x
Assuming No	Implied GMM Equity Value	\$1,603
Value for Asarco	Implied GMM 2004E Multiple	7.0x

## Implied Value of Other Assets

	Grupo Mexico Market Cap	\$3,382
+	Add 15% Holding Co. Discount	+507
-	Implied Equity Value of GMM from Proposal <sup>a</sup>	-3,050
-	SPCC (\$4.2% x 3,272)	-1,773
	Implied Value of Asarco + 74% of GFM	(\$934)

Source: Wall St. Estimates  
<sup>a</sup> As of 4Q2003 recapitalization (assumed).  
<sup>b</sup> Implied from subsidiary assumptions.  
<sup>c</sup> Adjusted for June 2003.  
<sup>d</sup> As of 4Q2002.  
<sup>e</sup> As per Wall Street Research.

# Valuation Observations

## Grupo Mexico's Perspective

Pro-forma Share Count @ Different Number of Shares Issued

Shares Owned by Grupo Mexico (mm)	43.3	43.3	43.3	43.3	43.3	43.3
Shares Owned by Other Shareholders (mm)	36.7	36.7	36.7	36.7	36.7	36.7
Shares Issued (mm)	72.3	70.0	60.0	50.0	40.0	30.0
Total Shares (mm)	152.3	149.0	139.0	130.0	120.0	110.0

Dividend 3Q03 - Annualized (US\$mm)	\$ 43.3	\$ 43.3	\$ 43.3	\$ 43.3	\$ 43.3	\$ 43.3
Dividend per Share (US\$)	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Additional Dividend to Grupo Mexico (US\$mm) (1)	\$ 39.1	\$ 37.9	\$ 32.5	\$ 27.1	\$ 21.6	\$ 16.2
Total Dividend (US\$mm)	\$ 82.4	\$ 81.2	\$ 75.8	\$ 70.4	\$ 65.0	\$ 59.5

% Ownership Post-Transaction	75.0%	75.8%	73.8%	71.8%	69.5%	66.7%
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Implied Equity Value for Minera @ \$40.8/share	\$ 2,946.9	\$ 2,853.2	\$ 2,445.6	\$ 2,038.0	\$ 1,630.4	\$ 1,222.8
Implied Enterprise Value for Minera @ \$40.8/share	\$ 4,269.1	\$ 4,175.4	\$ 3,767.8	\$ 3,360.2	\$ 2,952.5	\$ 2,545.0

### 2004E EBITDA

#### Multiple for SPCC (2)

#### Implied Multiple for Transaction (3)

SPCC share (4)	\$ 40.8	\$ 40.8	\$ 40.8	\$ 40.8	\$ 40.8	\$ 40.8
SPCC share (5)	\$ 37.9	\$ 37.9	\$ 37.9	\$ 37.9	\$ 37.9	\$ 37.9
SPCC share (6)	\$ 31.7	\$ 31.7	\$ 31.7	\$ 31.7	\$ 31.7	\$ 31.7
SPCC share (7)	\$ 22.2	\$ 22.2	\$ 22.2	\$ 22.2	\$ 22.2	\$ 22.2
SPCC share (8)	\$ 14.9	\$ 14.9	\$ 14.9	\$ 14.9	\$ 14.9	\$ 14.9
SPCC share (9)	\$ 8.2	\$ 8.2	\$ 8.2	\$ 8.2	\$ 8.2	\$ 8.2
SPCC share (10)	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9

<sup>1</sup> As per Wall Street Research.

<sup>2</sup> Note: Analysis assumes no synergies.

<sup>3</sup> Assumes additional dividends for Grupo Mexico at the same dividend/share ratio as prior to issuing new shares.

<sup>4</sup> Assumes SPCC net debt of US\$702mm as of 3Q03 and 2004E EBITDA for SPCC of US\$523mm as per Wall Street Equity Research.

<sup>5</sup> Assumes net debt for Minera of US\$1.3bn and 2004E EBITDA for Minera of US\$473mm as per Wall Street Equity Research.

<sup>6</sup> Prices considered for SPCC are day prior to announcement, lowest price after transaction announcement and 52 week high.

# Pro-Forma Financial Ratios for SPCC of the Proposed Transaction

(US\$ mm)	S&P Credit Rating (1)	Moody's Issuer Rating	Total Debt	Book Value	Market Cap (6)
Southern Peru Copper (3)	CCC+/Stable	N.A.	\$ 299.0	\$ 1,241.4	\$ 3,271.7
SPCC Pro-Forma	N.A.	N.A.	1,621.2	1,364.4	N.A.
Corporacion Nacional del Cobre de Chile	(LC)A+/Stable-1 (FC)A/Stable--	(FC)A2/Stable	\$ 2,301.5	\$ 2,826.3	N.A.
Grupo México	B-/Stable	N.A.	3,785.9	1,919.9	3,381.5
Industrias Peñoles	BBB-/Stable/-	N.A.	489.9	80.8 (4)	N.A.
Freeport-McMoran Copper & Gold	B/Stable/-	B2/Stable	2,507.7	778.0	7,187.0
Phelps Dodge Corp.	BBB-/Stable/A-3	Baa3/Negative	2,098.7	2,830.7	7,551.8
Antofagasta (5)	N.A.	N.A.	1,243.5	1,007.1	4,374.0
(US\$ mm)	EBIT Interest Coverage (2)	EBITDA Interest Coverage (2)	Total Debt / EBITDA Current (2)	Total Debt / Total Cap (Book) (%)	Total Debt / Total Cap (Market) (%) (6)
Southern Peru Copper (3)	9.1 x	14.4 x	1.6 x	19.4 %	8.4 %
SPCC Pro-Forma	1.0	2.2	5.5	46.0	N.A.
Corporacion Nacional del Cobre de Chile	6.8 x	10.6 x	2.2 x	NA	NA
Grupo México	0.5	2.9	7.3	66.4	62.8
Industrias Peñoles	0.4	2.3	4.2	85.7	N.A.
Freeport-McMoran Copper & Gold	4.6	5.8	2.1	76.3	25.9
Phelps Dodge Corp.	0.6	3.5	4.1	42.6	21.7
Antofagasta (5)	6.4	9.8	3.3	55.3	22.1
Peñoles Average Ratios	3.2 x	5.8 x	3.8 x	61.8 %	30.6 %

<sup>1</sup> As of Feb 11 2004. LC--Local currency. FC--Foreign currency. SD--Selective default.

<sup>2</sup> Accumulated figures as of September, 2003, except for Antofagasta.

<sup>3</sup> Financials as of December, 2002 for comparative reasons (Minera Mexico figures only available on a yearly basis).

<sup>4</sup> Financials as of December, 2002.

<sup>5</sup> Financials as of June, 2003.

<sup>6</sup> Market value as of February 13, 2004.



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#### **IV. Key Considerations for the Special Committee**

# Considerations for the Special Committee

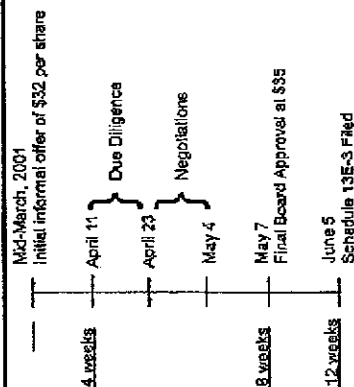
<b>Function</b>	<ul style="list-style-type: none"> <li>■ To represent independent shareholders and to negotiate on an arms' length basis with respect to any transaction initiated as a result of approach by a related party</li> </ul>
<b>Obligations</b>	<ul style="list-style-type: none"> <li>■ Must be fully informed</li> <li>■ Should appoint independent financial and legal advisors</li> <li>■ Diligently negotiate on behalf of the independent shareholders with ability to influence the outcome</li> </ul>
<b>Key Questions</b>	<ul style="list-style-type: none"> <li>■ Is now the right time to acquire Minera Mexico?</li> <li>■ Is the price appropriate?</li> <li>■ Is the consideration appropriate? (SPCC shares)</li> <li>■ Will a share of SPCC be worth more after the transaction?</li> <li>■ Are there any appraisal rights for minority shareholders at SPCC?</li> <li>■ Impact of potential additional leverage on SPCC (market, financial flexibility)</li> <li>■ Does the Special Committee have the time and resources to effectively advise the shareholders?</li> <li>■ What are Grupo Mexico's alternatives? How can they influence the outcome considering their controlling stake in SPCC?               <ul style="list-style-type: none"> <li>— Does the current SPCC Shareholders' Agreement have any bearing on this transaction?</li> <li>— On the ability of the other parties to the agreement to object to the deal?</li> </ul> </li> <li>■ Are there any aspects of the proposed transaction that would be governed by Peruvian Law?</li> </ul>
<b>Possible Responses</b>	<ul style="list-style-type: none"> <li>■ Recommend the current offer</li> <li>■ Counter / Negotiate with Grupo Mexico in order to improve terms of the deal (multiple, cash / stock mix)</li> <li>■ Explore other strategic alternatives:               <ul style="list-style-type: none"> <li>— Different structures to buy Minera Mexico (private versus public transaction)</li> <li>— Transactions with another copper company which has the potential to create additional synergies</li> </ul> </li> <li>■ Reject the offer</li> </ul>

## Preliminary Review of Process/Timetable

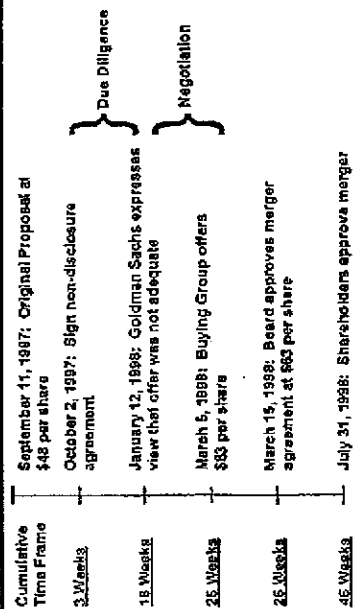
Week 0	<ul style="list-style-type: none"> <li>February 3, 2004 -- Proposal by Grupo Mexico is presented to SPCC. No public announcement of details of proposal</li> </ul>
Week 1-3	<ul style="list-style-type: none"> <li>Wall Street Research provides additional details of potential transaction</li> <li>Appointment by the Special Committee of legal, financial and other advisors</li> <li>Understand scope of mandate from Special Committee</li> </ul>
Week 3-6	<ul style="list-style-type: none"> <li>Meet with UBS and Grupo Mexico to understand details of proposal</li> <li>Undertake business and financial due diligence of Minera with Grupo Mexico management and advisors</li> <li>Perform due diligence on SPCC in order to fully understand implications of current proposal and evaluate potential alternatives</li> <li>Legal review of alternatives and requirements</li> <li>Regularly review status and provide direct input to the Special Committee</li> </ul>
Week 6-7	<ul style="list-style-type: none"> <li>Evaluate Grupo Mexico proposal</li> <li>Evaluate potential alternatives based on findings in due diligence</li> <li>Refine valuation based on diligence findings and company financial information</li> <li>Special Committee to decide on course of action, tactics and communication with the market</li> </ul>
Week 7-10	<ul style="list-style-type: none"> <li>Pursue, if appropriate, desired alternatives in earnest</li> </ul>
Week 10+	<ul style="list-style-type: none"> <li>Reach milestone/decision point regarding alternatives under consideration</li> <li>Review situation and determine next steps</li> <li>Goldman Sachs and legal counsel to present conclusions formally to the Special Committee</li> <li>Special Committee to present recommendation to the SPCC Board</li> </ul>

# Comparison of Timeline for Selected Minority Interest Buyout Transactions

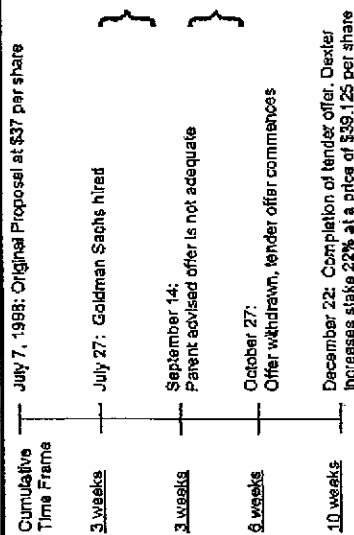
## BancWest



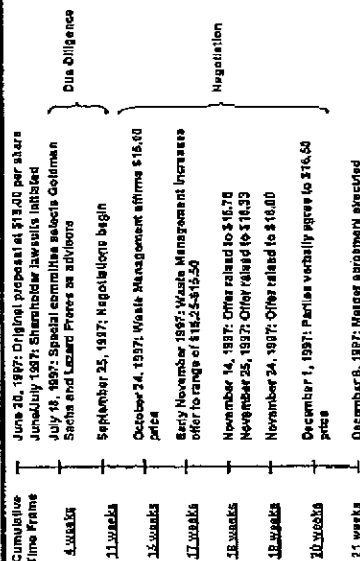
## BET Holdings



## Life Technologies & Dexter Corporation



## Wheelabrator / Waste Management







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## Potential Role of Goldman Sachs

- Assist the Special Committee in its initial response to Grupo Mexico
  - Understand terms and implications of proposal
- Operational Review of SPCC and Minera
  - Assist in conducting due diligence to assist financial analysis
  - Understand objectives, goals and strategy
  - Assess SPCC's relative position (strengths, opportunities, challenges, etc.)
  - Operations review
  - Financial review
- Financial Analysis of SPCC and Minera
  - Review of historical financials and investment performance
  - Analyze forecasts of key financial metrics (revenue, EBITDA, net income)
  - Understand management's outlook for the business
  - Review current trends in the mining industry
  - Review public market trading history and comparable transaction analysis
  - Review financial position and balance sheet (investments)
- Facilitate and assist the Special Committee in coordinating due diligence
  - Participate and assist in management meetings
  - Assist in addressing and responding to due diligence inquiries

## Potential Role of Goldman Sachs

(Continued)

- Assist the Special Committee in building the value case with Grupo Mexico and advisors
  - Participate and assist in discussions on value
  - Assist in the communication of valuation thinking
- As directed by the Special Committee, Goldman Sachs would act as a liaison between the Special Committee and Grupo Mexico (and the advisors)
  - Assist the Special Committee in all correspondence
  - Provide view on tactical aspects and financial considerations in all correspondence/messages
- Analyze the contribution proposal
  - Assessment of both quantitative and qualitative aspects
  - Analysis of financial terms and conditions
  - Analysis of contractual terms and conditions
- Assist the Special Committee in responses to the proposal(s)
  - Provide view on financial aspects of proposal(s)
  - Provide thoughts on tactical responses and potential alternatives
- Assist the Special Committee in deliberations to move forward or not
  - If Special Committee decides to move forward, assist in negotiating definitive agreements

## General Guidelines for the Formation of Special Committees

- The independent directors should determine who will comprise the members of the special committee
- Unaffiliated independent directors negotiating with the controlling shareholder on behalf of the public shareholders help create the arm's-length bargaining process that would otherwise be missing
- The independence of the outside directors must also be examined for the absence of conflicts
- The special committee should have the authority to select its own financial and legal advisors without any pressure or influence from management
- The advisors should also demonstrate their independence
- The special committee should be able to demonstrate in the record that it had the power to negotiate independently on an arm's-length basis without any kind of restraint
  - The special committee should establish procedure for negotiating with the affiliate
  - The board may want to consider making the approval of a majority of the unaffiliated shareholders
- A fairness opinion from an investment banker is usually obtained by the special committee
  - The SEC will often ask for disclosure of projections used by the bankers



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## **Appendix A: Additional Information on SPCC**

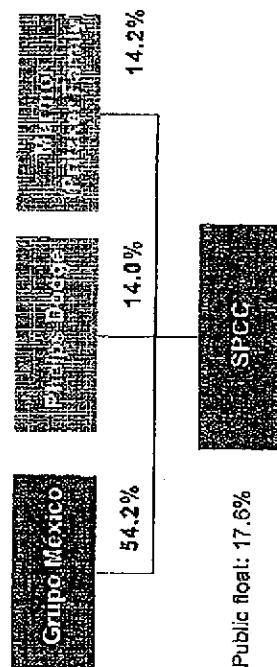
# Southern Peru Copper Company Company Profile

## Overview

- SPCC is an integrated producer of copper, operating mining, smelting and refining facilities in the southern part of Peru
- SPCC operates the Toquepala and Cuajone mines, high in the Andes, approximately 984 km southeast of Lima. It also operates a smaller and refinery west of the mines at the Pacific Ocean Coast City of Ilo, Peru
- Mines have large reserves and potential for cost reduction, currently at approximately \$0 c/lb
- Main stockholders of SPCC are Grupo Mexico (54.2%), Cerro Trading Company, a subsidiary of the Marmon Group (14.2%) and Phelps Dodge (14.0%)

— On Mar. 2003, Southern Peru Holdings Corporation, the 54.2% direct stockholder of SPCC and a subsidiary of ASARCO (controlled by Grupo Mexico), sold all its stock in SPCC to Americas Mining Corporation (AMC), the parent of ASARCO and also a subsidiary of Grupo Mexico. Immediately after the transaction, the shares were transferred to SPHC II Incorporated, a subsidiary of AMC, and were pledged to a group of financial institutions

## Ownership Structure



## Summary Financials

US\$ MM	2000	2001	2002
Net Revenues	711	658	655
EBITDA	227	166	187
EBITDA Margin	32%	25%	28%
EBIT	150	89	119
Net Income	93	47	61
Net Debt	198	183	151
Copper Production (000s tons)	751,036	754,563	783,871

Source: 2002 Annual Report

\* Class A shares were granted to founding shareholders and have 5 votes per share. Class B shares are listed on the NYSE and have 1 vote per share.

## Detailed Ownership Structure<sup>1</sup>

	Class A	Class B	Total	Votes	% Voting	% Econ.
Grupo Mexico	43.3	-	43.3	216.7	65.1%	54.2%
Cerro Trading Company	11.4	-	11.4	56.9	16.8%	14.2%
Phelps Dodge	11.2	-	11.2	55.9	16.3%	14.0%
Common Shares / Float	-	14.1	14.1	14.1	4.1%	17.6%
Total	65.9	14.1	80.0	343.6	100.0%	100.0%

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# SPCC Ownership Analysis

## Overview of Ownership

- SPCC has two classes of stock outstanding: Class A Common Stock, which is entitled to five votes per share, and Class B Common Stock, which is entitled to one vote per share
- Class A common stock was granted to the founding shareholders of SPCC and has super-voting power
- Class B common stock corresponds to the 17.6% public float, listed on the NYSE

## Top 25 Institutional Owners

Institutional Investors	Shares Held	% of Public Float
Barclays Bank Plc	712,500	5.047
Axa Financial, Inc.	667,440	4.728
Emer Mkt Management, L.L.C.	321,500	2.277
Merrill Lynch Inv Managers(UK)	235,000	1.665
Schneider Capital Mgmt, Lp	220,250	1.56
Lsv Asset Management	199,400	1.412
State Str Corporation	147,648	1.046
College Retire Equities	102,849	0.728
Invesco Capital Mgmt Inc.	94,300	0.668
Vanguard Group, Inc.	94,086	0.665
Legal & General Group Plc	72,800	0.516
Mellon Bank Na	63,768	0.452
Gbl Strat Financial Inc.	55,800	0.395
Northern Trust Corp	52,646	0.373
Jp Morgan Chase & Co	52,500	0.372
Leuthold Weedon Cap Mgmt, Lic	50,650	0.359
Florida State Bd Administratio	50,399	0.357
Manufacturers & Traders Trust	49,700	0.352
Ohio Public Emp Retirement Sys	49,391	0.35
California State Teach Ret Sys	43,127	0.305
State Teach Retirement Sys Oh	41,500	0.294
Deutsche Bk Aktiengesellschaft	37,600	0.266
Capital Intl Inc. (Singapore)	36,550	0.259
Schroder Inv Mgmt Group	31,000	0.22
Wentworth Hauser& Vloich Inc.	25,800	0.183

## Detailed Ownership Structure

	Class A	Class B	Total	Votes	% Voting	% Econ.
Grupo Mexico	43.3	-	43.3	216.7	63.1%	54.2%
Marrion (Pfizer Family)	11.4	-	11.4	56.9	16.5%	14.2%
Phelps Dodge	11.2	-	11.2	55.9	15.9%	14.0%
Public Float	-	14.1	14.1	14.1	4.1%	17.6%
Total	65.9	14.1	80.0	343.6	100.0%	100.0%

Additional Information on SPCC



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## **Appendix B: Public and Private Market Parameters**

# Comparison of Selected Companies

(\$ in millions, except per share data)

Company	Clearing P/Hrs 02/13/04	% of 52 Week High	Equity Market Cap (\$)	Enterprise Value (\$)	Sales LTM	Enterprise Value Multiples (Z)				Calendarized P/E Multiples (2)				5-Year EPS CAGR (2)		LTM Margins (1)	
						EBITDA		EBIT		2004		2005		2005		EBITDA	
						LTM	2004	LTM	2005	2004	2005	2004	2005	2004	2005	EBITDA	EBIT
Antofagasta	\$ 22.18	97 %	\$ 4,374	\$ 5,315	5.8 x	14.0 x	8.3	7.8	21.2 x	NA	NA	NA	NA	NA	NA	41.5 %	27.3 %
Freeport-McMoRan (3)	41.20	89	7,187	9,156	3.9	7.5	9.3	5.2	9.7	36.3	13.0	27.5	27.5	27.5	27.5	52.0	40.6
Phelps Dodge	81.87	97	7,592	9,210	2.4	18.1	8.8	6.3	NM	11.4	11.5	NA	NA	NA	NA	13.2	2.5
Southern Peru Copper (4)	40.94	81	3,872	3,373	4.7	14.4	6.4	5.1	20.8	30.9	30.9	32.8	32.8	32.8	32.8	22.4	22.4
Grupo Mexico	3.91	100	3,382	6,888	3.0	15.0	5.7	4.5	NM	NA	NA	NA	NA	NA	NA	20.3	4.1
High	\$ 7,552	97 %	\$ 9,210	\$ 9,210	5.8 x	18.1 x	9.0 x	7.8 x	21.2 x	36.3 x	13.0 x	27.5 x	27.5 x	27.5 x	27.5 x	52.0 %	40.6 %
Mean	\$ 5,865	91 %	\$ 6,781	\$ 6,781	4.0 x	10.8 x	7.7 x	5.8 x	17.1 x	26.3 x	18.5 x	10.9 x	10.9 x	10.9 x	10.9 x	31.3 %	19.4 %
Median	\$ 4,374	89 %	\$ 5,315	\$ 5,315	3.9 x	7.5 x	8.3 x	5.2 x	9.7 x	36.3 x	13.0 x	27.5 x	27.5 x	27.5 x	27.5 x	52.0 %	40.6 %
Low	\$ 3,382	81 %	\$ 3,373	\$ 3,373	2.4 x	14.4 x	6.4 x	5.1 x	20.8 x	30.9 x	30.9 x	32.8 x	32.8 x	32.8 x	32.8 x	22.4 %	22.4 %

(1) Sources: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.  
 (2) Sources: LTM numbers are based upon the latest publicly available financial statements. All projected sales, EBITDA, EBIT, and EPS are based on management's best estimates.  
 (3) Not pro forma for acquisition of PT Perak/PT Puncak Jaya.  
 (4) Shares include both common stock and class A common stock.



# Comparison of Selected Transactions

Date Announced	Bidder	Target	Commodity	Size (US\$bn)	EV/EBITDA (x)
2/15/2001	Anglo consortium	De Beers	Diamonds	18.5	15.3
3/19/2001	BHP	Bilinton	Diversified	15.8	10.4
8/17/2000	Alcan	Algroup	Aluminum	6.1	8.7
8/19/1999	Alcoa	Reynolds	Aluminum	6.0	9.5
7/7/2003	Alcan	Pechiney	Aluminum	5.3	6.3
4/7/2003	Xstrata	M.I.M.	Copper, Coal	3.0	5.5
3/14/2000	Alcoa	Cordant	Aluminum	3.0	7.2
6/22/2000	Rio Tinto	North	Iron Ore	2.9	9.1
1/7/2002	Norsk Hydro	VAW assets	Aluminum	2.8	6.9
11/13/2001	Newmont	Normandy	Gold	2.7	10.7
8/20/1999	Phelps Dodge	Cyprus Amax	Copper	2.6	4.5
9/24/1998	Grupo Mexico	Asarco	Copper	2.6	NM
1/20/2002	Xstrata	Glencore coal	Coal	2.5	NA
11/13/2001	Newmont	Franco Nevada	Gold	2.3	15.8
6/25/2001	Barrick	Honestake	Gold	2.3	28.0
8/25/2000	Billiken	Rio Algom	Copper et al	1.8	12.3
3/23/2002	Kinross	Echo BayTVX Gold	Gold	1.5	18.2
9/21/2003	CVRD	Caerniffertco	Iron Ore	1.5	NA
5/2/2002	Anglo American	Disputada et al	Diversified	1.4	5.9
5/1/2001	Teck	Cominco	Zinc	1.4	7.5
5/27/2002	Placer Dome	AurionGold	Gold	1.2	11.8
10/31/2003	Anglo Platinum	Kumba Resources	Iron Ore, Coal	1.0	A.1
07/30/2001	Falconbridge	Lomas Bayas Mine	Copper	0.2	NA
					High Mean Median 25th Percentile Low
					18.0 10.6 9.5 7.4 4.5

Notes: Historical income statement items have been translated at average exchange rates for the reported period, as appropriate. Pre Funded US\$300 million debenture excluded from Total Debt and Cash.



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## **Appendix C: Additional Goldman Sachs Credentials**

**Additional Goldman Sachs Credentials 41**

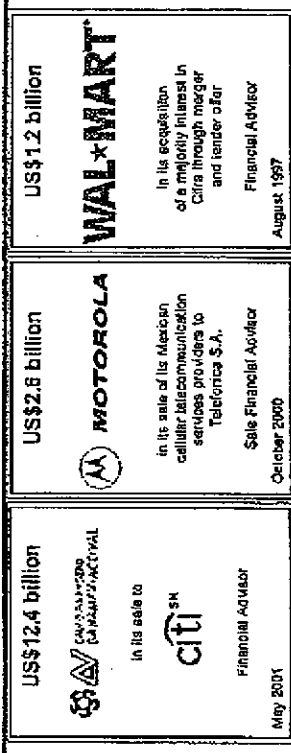
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# Unparalleled Mexican Footprint

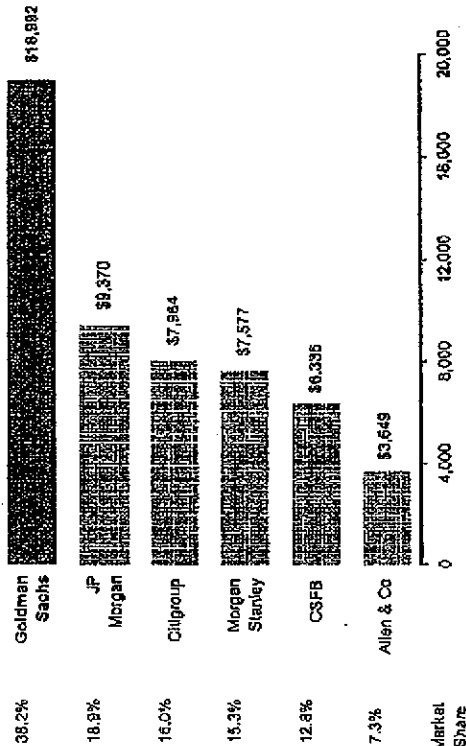
## Selected M&A Transactions

- Advised Grupo Alfa in its recent spin-off of Hylsamex (January 2004)
- Advised Telmex in its purchase of AT&T Latin America in October 2003
- Advised Grupo Bimbo in the acquisition of a minority stake in Compañía de Alimentos Fargo, an Argentine leading bakery company in July 2003
- Advised Auchan in the sale of its Mexican stores to local food retailer Comercial Mexicana in February 2003
- Advised Grupo Financiero Santander Serfin, an investment holding company and a majority owned unit of Santander Central Hispano (SCH), in its sale of 24.9% stake to Bank of America Corp for US\$1.6 billion in cash, in a privately negotiated transaction in December, 2002
- Advised CEMEX in the acquisition of Trinidad Cement Ltd, a Trinidad & Tobago state majority-owned cement manufacturer, for US \$413 million in June, 2002
- Advised CEMEX in the acquisition of all outstanding shares of Puerto Rican Cement Company (PRCC) valued at US\$250 million in June, 2002
- Advised America Movil SA de CV (AMSA) to raise its interest to 81.3% from 42.2% in Telecom Americas Ltd. (TA), a provider of telecommunications services, by acquiring a stake from Bell Canada International Inc (BCI), its joint venture partner, for US\$2.27 billion in June, 2002
- Advised Whirlpool Corp. in the acquisition of the remaining 51% interest, which it did not already own, in Vitromat SA de CV, a manufacturer and wholesaler of domestic appliances, from its joint venture partner Vitro SA de CV, for US\$313 million in February 2002
- Advised Grupo Bimbo SA de CV in the acquisition of 5 bakery plants located in the US from George Weston Ltd, a manufacturer of breads, biscuits, meat products, and cakes, for \$610 million in January 2002
- Advised ING Group in its acquisition of 45.2% stake in Seguros Comercial America from Savia SA for \$791 million in June 2001
- Advised Grupo Financiero Banamex Accival SA de CV (Banaccl), a provider of financial services, in its sale of all its ordinary share capital to Citigroup Inc. for a total value of US\$12.8 billion in May 2001

## Landmark Mexican Transactions



## Mexican M&A Volume in USD MM (2001 - 2003)<sup>1</sup>



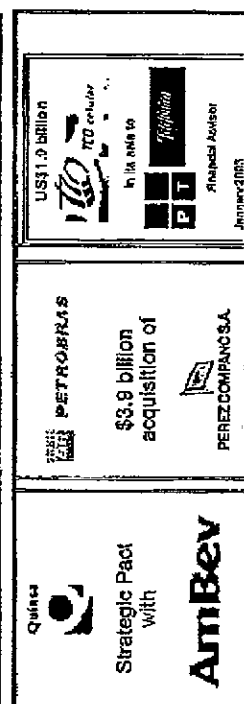
<sup>1</sup> Excludes self-advised deals by SSF for US\$13.7bn (Citigroup's acquisition of Banamex for US\$12.5bn and Citigroup's acquisition of Argon's 49% ownership in Alore Banamex for US\$1.2bn).

# Unparalleled Brazilian Footprint

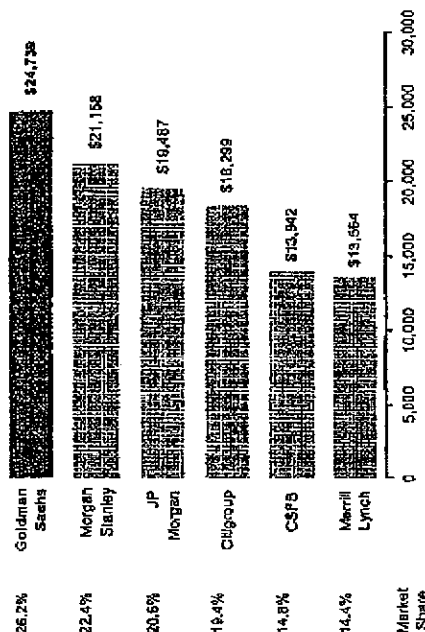
## Selected M&A Transactions

- Advised Banco Zogbi in its sale to Bradesco for US\$225mm in November 2003
- Advised Araetruz, Brazil's largest pulp and paper company, in the acquisition of Riocell for US\$810mm in July 2008
- Advised Quilmes Industrial S.A. (Quinisa) in its sale of a 37.5% stake to Cia da Bebidas das Americas (Ambev) for US\$346.38 million paid in cash. In a privately negotiated transaction, Quinisa agreed to acquire various assets from Ambev in exchange of 26.4 million of Quinisa's ordinary shares for a total value of US\$303.6 million in May 2002
- In July 2002, GS acted as exclusive advisor to Petrobras in its acquisition of 59.6% controlling interest in Peraz Compania S.A. The consideration paid consisted respectively US\$689.2mm in cash and US\$338.4mm in Notes
- Tele Centro Oeste Participações' controlling shareholders in the sale of their stake to Telesp Celular Participações for US\$424.9mm
- Tele Norte Leste Participações in its successful tender for minorities of 15 operating companies
- Portugal Telecom in its tender for minorities of Telesp Celular Participações for US\$2.5 billion
- Advisor to Clixox in its proposed acquisition of Bombril
- Tele Norte Leste Participações in the acquisition of a PCS license in February 2001 for US\$550 million
- Telefonica in its tender for the minorities of Telesp and Tele Sudeste Celular in January 2000 for US\$13 billion
- Queker Oats Co in its acquisition of Adria Produtos Alimentícios's assets in November 1998
- Advised UGB in its successful acquisition of TeleNorte Celular Participações and Tele Celular Sul Participações in the privatization of Telebrás in July 1998.
- Unilever in the acquisition of 100% of Klbon for US\$930 million from Philip Morris in October 1997
- Calxa Seguros in the sale of its control stake to CNP Assurances in 2001 for US\$550 million
- Global Telecom in its sale to Telesp Celular Participações in January 2001 for \$1.2 billion
- Mexitel in its sale of a 38% stake to Telecom Italia in 2001
- State of Minas Gerais in the privatization of Banco do Estado de Minas (BEMGE)

## Landmark Brazilian Transactions



## Brazilian M&A Volume (2000 - 2003)

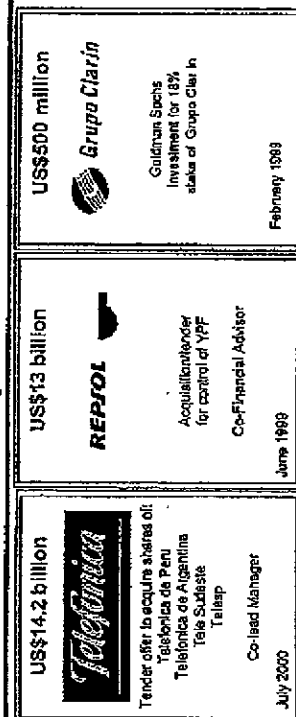


# Unparalleled Argentine Footprint

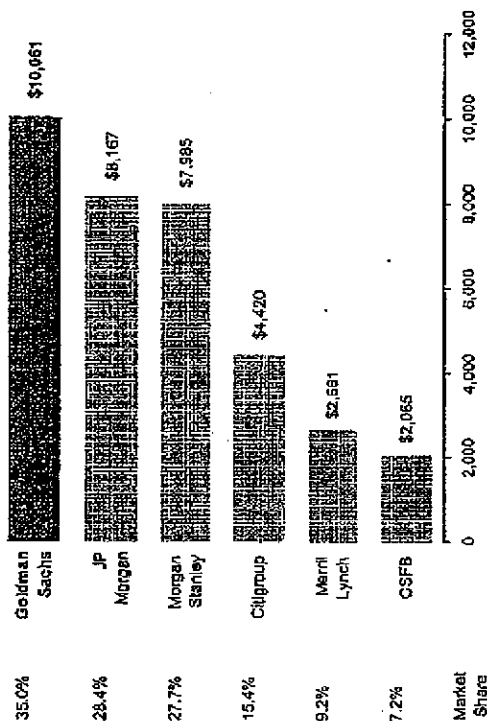
## Selected M&A Transactions

- Advised France Telecom in the restructuring of its holdings in Argentina and ultimate sale to Telecom Italia in December 2003
- Advised Quilmes Industrial S.A. (Quilmea) in its sale of a 37.5% stake to Cia de Bebidas das Americas (AmBev) for US\$346.38 million paid in cash, in a privately negotiated transaction. Concurrently, Quilmea agreed to acquire various assets from AmBev in exchange of 26.4 million of Quilmea's ordinary shares for a total value of US\$303.6 million in May 2002
- Acted as exclusive advisor to Petrobras in its acquisition of 58.6% controlling interest in Perez Compania S.A. The consideration paid consisted respectively US\$889.2mm in cash and US\$338.4mm in Notes to be issued to Petrobras
- Advised Telefonía S.A. in the acquisition of the remaining shares outstanding not already owned of Telefonía de Argentina for 3.2 billion as part of the \$14.2 global tender offering for four of its Latin American subsidiaries (Brazil, Argentina and Peru)
- Advised Telefonía S.A. in the sale of its 36% share in Cablevision S.A. to Hicks, Muse, Tate & Furst for \$940 million in January 2000
- Advised on the \$500mm acquisition of 18% of Grupo Clarín by a consortium of Private Equity investors led by Goldman Sachs in December 1999
- Advised Repsol in its \$13 billion acquisition of the remaining outstanding shares of Yacimientos Petrolíferos Fiscales (YPF) that it did not already own in June 1999
- Advised Repsol in its successful bid for 15% of Yacimientos Petrolíferos Fiscales (YPF) shares sold by the Government of Argentina for \$2 billion in January 1999
- Financial advisor to Fiat on its \$600 million greenfield investment and its spin-off from SEVEL Argentina between 1994 and 1995
- Acted as exclusive financial advisor to the Argentine government in the privatization of Gas del Estado, the state-owned natural gas distribution and transmission company in 1992. Simultaneously sold majority interests in 10 businesses valued at approximately \$4 billion

## Landmark Argentine Transactions



## Argentine M&A Volume (2000 - 2003)





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## **Appendix D: Special Committee Situations**

**Special Committee Situations 45**

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# Selected Transactions in Which Goldman Sachs Has Advised a Special Committee

	Client	Primary Industry	Project Type
2003	United GlobalCom Europe	Media	Minority Interest Advisory
	Allied Waste	Industrial	Exchange of Preferred Stock for Common Stock
	Revlon, Inc.	Consumer	Other Advisory Assignment
	Telecom Italia	Telecom	Minority Interest Advisory
2002	Dole Food Co., Inc.	Consumer	Exclusive Seller
	Phillips Petroleum	Oil & Gas	Merger of Equals
	Reader's Digest Association	Media	Recapitalization
	BankWest	Banking	Exclusive Seller
2001	Howmet International Inc.	Machinery	Other Advisory Assignment
	Times Mirror Company	Media	Exclusive Seller
	Warner-Lambert Company	Pharmaceuticals	Raid Defense
2000	Amway Asia Pacific Ltd.	Retail	Other Advisory Assignment
	Big Flower Holdings	Publishing	Exclusive Seller / Management Buyout
	Burnham Pacific Properties	REIT	Raid Defense
	EOG Resources (Enron Corp.)	Oil & Gas Exploration	Divestiture
	Life Technologies	Biotechnology	Raid Defense
	Medtronic Inc.	Healthcare	Other Advisory Assignment
	Pacific Retail Trust	REIT	Other Advisory Assignment
	Sunstone Hotel Investors	REIT	Management Buyout
	Wausau Insurance Cos.	Insurance	Divestiture
	BET Holdings, Inc.	Media	Minority Interest Advisory
	Capstar Broadcasting Corp.	Media	Other Advisory Assignment
	Fina, Inc.	Oil Refining & Marketing	Minority Interest Advisory
1999	Security Capital Pacific Trust	REIT	Other Advisory Assignment
	Wheelabrator Technologies Inc.	Environmental Services	Minority Interest Advisory

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## Selected Transactions in Which Goldman Sachs Has Advised a Special Committee

	Client	Primary Industry	Project Type
1997	Melamine Chemicals Petrolite Corporation Rhône-Poulenc Rorer Inc. Tylan General, Inc.	Chemicals Chemicals & Allied Products Pharmaceuticals Instruments & Controls	Exclusive Seller Exclusive Seller Minority Interest Advisory Raid Defense
1996	AT&T Capital Corporation Fourth Financial Corp. General Growth Properties Inc. Rivenwood International Corp. Security Capital Pacific Trust Vista Properties	Financial Services Banking Real Estate Paper Packaging REIT Real Estate	Exclusive Seller Exclusive Seller Other Advisory Assignment Exclusive Seller Other Advisory Assignment Other Advisory Assignment
1995	Alexander's Inc. BIC Corp. Goody's Family Clothing Inc. Hayes Wheel International Roto Rooter Inc.	Retailing Consumer Products Retailing Auto / Truck Parts Consumer Services	Minority Interest Advisory Minority Interest Advisory Anti-Raid Advisory Raid Defense/Minority Int. Advisory Minority Interest Advisory
1994	Jones Spacelink Ltd. Katy Industries Inc. Petrolite Corp.	Media Industrial Machinery Chemicals	Minority Interest Advisory Raid Defense Restructuring
1993	La Petite Academy Inc. United Investors Management Co.	Day Care Services Insurance	Exclusive Seller Minority Interest Advisory
1992	American Maize Products Co. Cablevision Systems Corp. Environmental Systems Co. Grace Energy Corporation J & L Specialty Steel Inc.	Commodities Media Waste Disposal Oilfield Drilling Specialty Steel	Other Advisory Assignment Other Advisory Assignment Raid Defense Sale of Minority Interest Exclusive Seller

Special Committee Situations 47





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## **Appendix E: Selected Recent Case Studies on Special Committee Advisory**

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**SP COMM 007520**  
**A118**

# UGC Europe and UnitedGlobalCom Exchange Offer

## Exchange Offer for UGC Europe Shares

### Transaction Overview

Transaction:	Exchange offer for 23.28% publicly held common shares of UGC Europe not owned by UnitedGlobalCom
Acquirer:	UnitedGlobalCom, Inc. - UCOMA (NASDAQ)
Target:	UGC Europe, Inc. - UGCE (NASDAQ)
Consideration:	100% UnitedGlobalCom stock
Exchange Ratio:	10.3 Class A shares of UnitedGlobalCom for each UGC Europe share
Final Implied Premiums:	<ul style="list-style-type: none"> <li>47.8% to UGC Europe's stock price prior to announcement (03-Oct-2003)<sup>1</sup></li> <li>28.8% to the implied UGC Europe and UnitedGlobalCom exchange ratio prior to announcement (08-Oct-2003)<sup>2</sup></li> </ul>
Conditions to Closing:	<ul style="list-style-type: none"> <li>UGC Europe shares are tendered such that UnitedGlobalCom owns &gt; 80% of UGC Europe shares</li> <li>UnitedGlobalCom shareholder approval of the leverage of shares for transaction</li> </ul>

### Ownership Structure

Shareholder	Shares (mm)	% of Outstanding
UGC Europe Shares Owned Prior to Offering		
Minority (Public)	16.6	33.25%
UnitedGlobalCom	33.4	66.75%
Total	50.0	100.00%
UnitedGlobalCom Shares Owned After Offering <sup>3</sup>		
Former UGC Europe Shareholders	171.2	28.28%
Former UnitedGlobalCom Shareholders	434.8	71.71%
Total	606.0	100.00%

### Key Transaction Statistics

UnitedGlobalCom Ownership of UGC Europe	68.78%
Pre-Offer UGC Europe Price (03-Oct-2003)	\$53.79
Pre-Offer UnitedGlobalCom Price (03-Oct-2003)	\$5.98
Pre-Offer Implied Exchange Ratio	8.2x <sup>4</sup>
Initial Offer Exchange Ratio	9.0x
Revised Offer Exchange Ratio	10.3x
Implied Offer Price	\$79.41 <sup>1</sup>
Implied Transaction Value	\$1,320 mm <sup>4</sup>
Share Price Premium (%)	47.8% <sup>1</sup>
Premium to Implied Pre-Offer Exchange Ratio (%)	25.5% <sup>2</sup>
Increase in Offer Exchange Ratio (%)	14.4%

### Synopsis of Events

03-Sep-2003	UGCE relists on NASDAQ following emergence from bankruptcy reorganization
08-Oct-2003	UCOMA announces exchange offer at 9.0 UCOMA shares per UGCE share
13-Oct-2003	UGCE forms Special Committee which advises shareholders to take no action in response to exchange offer
20-Oct-2003	Special Committee recommends that shareholders reject UCOMA exchange offer
12-Nov-2003	UCOMA increases exchange offer to 10.3 UCOMA shares per UGCE share
	Special Committee supports exchange offer revision but advises shareholders to take no action in response
13-Nov-2003	UCOMA and UGCE announce 3Q earnings
09-Dec-2003	Special Committee announces formal support of revised UCOMA exchange offer
18-Dec-2003	Scheduled expiration of tender offer (subject to extension)

<sup>1</sup> As calculated by SOC, based upon 10.3 times UnitedGlobalCom closing price of \$7.71 as of 12-Nov-2003 and UGC Europe closing price of \$53.79 as of 03-Oct-2003.

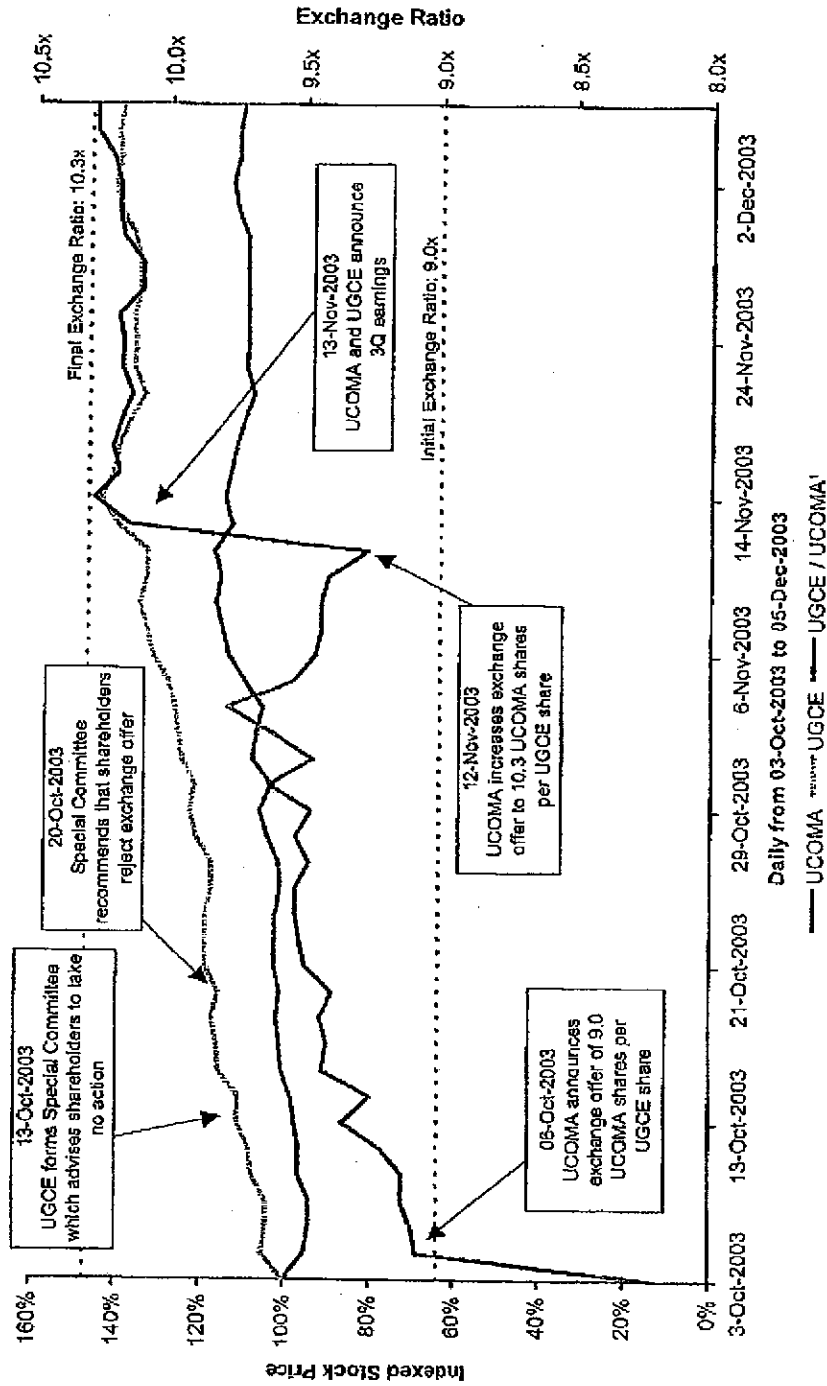
<sup>2</sup> Based upon 03-Oct-2003 closing prices for UGC Europe and UnitedGlobalCom of \$53.79 and \$6.56, respectively, and an implied exchange ratio of 8.2x.

<sup>3</sup> UnitedGlobalCom needs to achieve 80% ownership of UGC Europe shares in order to close the exchange offer and subsequent short-term merger. Pro forma for the issuance of shares to Liberty Media in connection with Liberty's pre-emptive rights.

<sup>4</sup> Based upon 12-Nov-2003 UnitedGlobalCom closing price of \$7.71, a 10.3x exchange ratio and 16.6 million UGC Europe shares not owned by UnitedGlobalCom.

# UGC Europe and UnitedGlobalCom Exchange Offer

## Exchange Offer for UGC Europe Shares



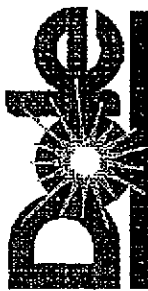
Source: FactSet, Company press releases and public filings  
UGCE / UCOMA represents implied exchange ratio.



# David H. Murdock's Acquisition of Dole

December 18, 2002

(\$ in millions, except per share)



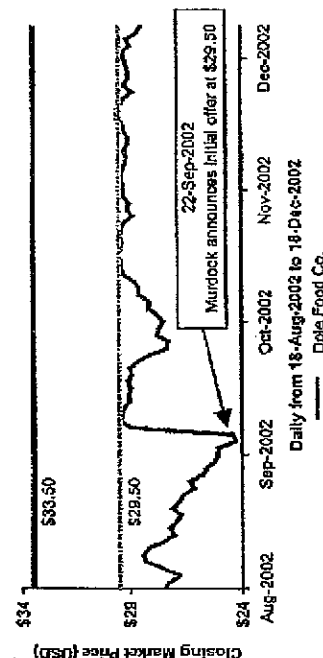
## Company Description

Dole is the world's largest producer and marketer of high-quality fresh fruit and vegetables, and markets a growing line of packaged foods and fresh-cut flowers. In 2001, sales and EBITDA, excluding one-time charges, were \$4,315 million and \$306 million, respectively. The Company's four primary business segments are:

- **Fresh Fruit** (51% of 2001 sales): Produces and distributes fresh fruit. This segment has operations in approximately 90 countries throughout the world, and is a leading worldwide producer of fresh bananas and pineapples, the leading exporter of winter fruit from Chile, and the second largest exporter from South Africa.
- **Fresh Vegetables** (18% of 2001 sales): Produces and markets commodity and fresh packaged "value-added" vegetables and packaged salads for retail and foodservice customers, mainly in North America, but also in Europe and Asia. This segment has a strong market position in most of the product categories in which it competes.
- **Packaged Foods** (11% of 2001 sales): Produces and markets packaged foods including canned pineapple products, other canned fruit, and snack foods. Operations are focused primarily on processed pineapple products and FRUIT BOWLS®. Dole has the leading global market share in both categories.
- **Fresh-Cut Flowers** (5% of 2001 sales): Formed in 1999 through the acquisition and ongoing integration of four groups of flower companies. The Company plans to be the largest flower fulfillment operator in North America, marketing to an array of wholesale and mass-market customers in this business segment.

The Company also has other diversified operations, which, in total, represented 7% of 2001 sales.

## Stock Price Performance



Source: Company and IBES

## Transaction Overview

- On December 18, 2002, David H. Murdock and Dole Food Company, Inc. (NYSE: DOL) announced that they have signed a definitive merger agreement that allows Mr. Murdock to acquire the approximately 75% of Dole's outstanding common stock that he and his family do not own for \$33.50 per share in cash. The per share consideration places the total enterprise value of Dole, which includes the assumption of debt, at approximately \$2.5 billion.
- The transaction has been unanimously approved by the board of directors of Dole, with Mr. Murdock abstaining, following the unanimous recommendation of a Special Committee of outside directors of Dole that was formed on September 24, 2002 to respond to Mr. Murdock's original proposal of \$29.50 per share, in cash. On October 23, 2002, the Special Committee had advised Mr. Murdock that it had rejected a transaction at the \$29.50 per share price and that it had directed its independent financial advisor, Goldman, Sachs & Co., to contact potential financial and strategic buyers. Negotiations continued between the Special Committee and Mr. Murdock concerning price and other terms and conditions, while Goldman, Sachs & Co. conducted a process to determine if there was interest in acquiring Dole from other potential buyers.
- The proposed transaction price of \$33.50 per share represents an increase of \$4.00 per share (or 14%) over Mr. Murdock's original proposal, and a 37% premium over the \$24.49 per share price of the stock prior to Mr. Murdock's proposal of September 22, 2002.
- Goldman, Sachs & Co. acted as financial advisor to the Special Committee. Mr. Murdock was advised by Deutsche Bank Securities Inc. in connection with the transaction.

## Transaction Premium and Multiples

Implied Dole Stock Price:	\$33.50
Implied Premium	
Undiscounted (20-Sep-2002)	35.8%
Initial Proposal at \$29.50 (23-Sep-2002)	13.6
1 Month Average	26.1
6 Month Average	28.9
Implied Enterprise Value	\$2.5bn
EBITDA Multiple	
LTM	\$ 375 <sup>1</sup>
IBES EPS	6.7x
P/E Multiple	
2002E	\$2.65
2003E	12.6x
	11.0
	3.04

<sup>1</sup> Excludes \$9.2nm of legal reserves charges taken in 3Q 2002.

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# BNP Paribas' Acquisition of the Remaining 55% of BancWest Corp

(dollars in millions, except per share data)

## Transaction Background

- On May 8, 2001, BNP Paribas ("BNP") announced that it had entered into a definitive agreement to acquire the remaining 55% of BancWest Corporation ("BancWest") it did not already own
- The BNP offer of \$35.00 per share in cash represents an aggregate consideration for BancWest of \$4,458mm
- BancWest, headquartered in Honolulu, is a bank holding company with assets of \$19.4 billion and deposits of \$14.7 billion
- BNP, with assets of \$646 billion, is the largest listed bank in France and the tenth largest bank in the world
- GS advised BancWest's special committee

## Relationship between BancWest and BNP

- In 1998, First Hawaiian Bank announced that it had agreed to acquire Bank of the West, a wholly owned subsidiary of BNP based in California
- As a result of the transaction, BNP became a 45% shareholder in BancWest
- A provision of the merger was a four-year standstill agreement that prohibited BNP from acquiring additional shares of BancWest unless a special committee of the Board of Directors of BancWest agreed to waive the standstill
- Additionally, BNP was under no obligation to sell its interest in BancWest to another buyer for as long as the standstill was in effect

## Transaction Valuation

Transaction Background	
Offer Price per Share	\$35
Implied Consideration:	
Shares Outstanding	\$4,365
Options	93
Total Consideration <sup>1</sup>	\$4,458
% Currently Owned by BNP	45.0%

## Relationship between BancWest and BNP

All-time High (29-Jan-01)	28.4%
52-Week Low (23-Jun-00)	150.0
One Day Prior (4-May-01)	
One Week Prior (27-Apr-01)	40.1%
One Month Prior (4-Apr-01)	40.9
One Month Prior (4-Apr-01)	47.6

## Transaction Multiples:

Earnings per Share:	
GAAP:	
LTM (3/01)	19.0x
2001E	18.4
2002E	16.3

## Cash:

LTM (3/01)	17.0x
2001E	16.2
2002E	14.5

<sup>1</sup> For 100% of the Company.



# Tribune Co. Acquires Times Mirror Co. Announced March 13, 2000

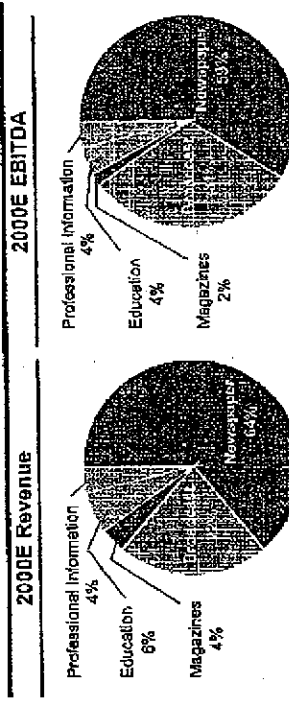
## Transaction Summary

- Tribune Co. (TRB) will acquire Times Mirror Co. (TMC) for an aggregate consideration of \$7.83 billion
- Transaction Structure
  - Up-front tender offer of \$95 in cash for up to 28 million TMC shares, a premium of 99% to the prior day's close
  - Back-end merger for all remaining shares with consideration at the election of the holder; TRB stock at a 2.5 exchange ratio; or \$85 in cash up to 28 million shares
- Transaction Rationale
  - TRB will benefit from synergies in overlapping newspaper and broadcast markets, particularly in the top 3 U.S. PMAs (NY, LA, Chicago), where TRB will now own both TV and newspaper assets
  - The Chandler Trusts (TMC controlling shareholders with 85% voting / 27% economic) will designate 4 of 16 directors to the TRB board and will maintain control of the Los Angeles Times through a 75% supermajority vote on certain matters

## Transaction Multiples and Statistics

Multiple of Forward (2000E) EBITDA:	11.6x
Multiple of LTM (1999A) Revenue:	2.6x
Pro Forma Ownership:	
TRB Shareholders	73.5%
Chandler Trusts	13.1%
TMC Shareholders (excl. Chandler)	13.4%

## Pro Forma Business Mix



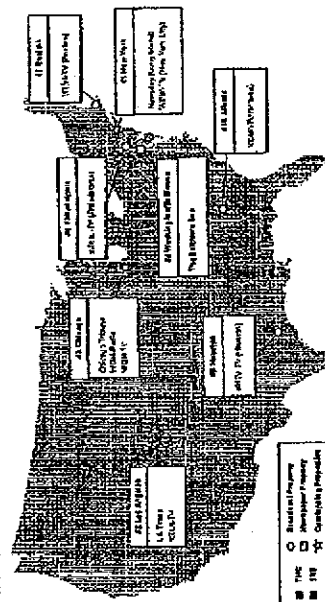
## Times Mirror Business Segments

<b>Newspapers:</b>	<ul style="list-style-type: none"> <li>LA Times, circ: 1,078,186, US rank: #4</li> <li>Newsday, circ: 874,941, US rank: #8</li> <li>Baltimore Sun, circ: 314,819 mil, US rank: #28</li> <li>Hartford Courant, circ: 210,000, US rank: #52</li> </ul>
<b>Magazines:</b>	<ul style="list-style-type: none"> <li>Special interest and trade magazines such as: Popular Science, Field &amp; Stream, Outdoor Life, GOLF, Ski Magazine, Skiing</li> </ul>
<b>Jeppesen:</b>	<ul style="list-style-type: none"> <li>Segment is focused on publishing aeronautical charts, flight information, pilot training materials and other navigational and operational information worldwide, and providing computerized flight plans, weather information and other flight services</li> </ul>

## Pre-Deal Market Statistics

Current Price (\$/1000)	\$47.94
52 Wk. High/Low	72.63/47.83
Date of 52 Wk High/Low	(1/11/1999)/(2/10/2000)
Equity Market Cap (mm)	\$2,987
Net Debt (mm)	1,368
Enterprise Value (mm)	\$4,355

## TRB / TMC Combined Media Assets



## Case Study: BET Holdings

### Background:

- BET Holdings (the "Company" or "BET") operates the Black Entertainment Television Cable Network ("BET Cable Network"), an advertiser-supported basic cable network. As of the merger, Mr. Johnson and Liberty Media Corporation ("Liberty") owned approximately 63% of the outstanding capital stock and 92% of the voting stock of BET. Since a majority of the Board was associated with Mr. Johnson & Liberty, the Board formed a Special Independent Committee to avoid any conflicts of interest related to the merger. The Special Independent Committee hired Goldman Sachs to provide fairness on the transaction. On July 30, 1998, holders of non-affiliated BET stock voted on the \$63 per share cash transaction, structured as a merger between BTV Acquisition Corporation with and into BET Holdings with BET Holdings as the surviving corporation. BTV Acquisition Corporation was formed by Mr. Johnson and Liberty for the purpose of acquiring the Company in the merger. Mr. Johnson and Liberty own approximately 66% and 35%, respectively, of BTV Acquisition Corporation

### Process:

- May/June 1997: Mr. Johnson and Liberty had general discussions concerning the feasibility of taking the Company private in a leveraged buy-out or other business combination. No proposals were made for the Company
- July 10, 1997: Board approved the retention of Salomon Brothers Inc. ("Salomon") to render certain financial advisory and investment banking services. Engagement letter signed August 20, 1997
- On or about September 8, 1997: Mr. Johnson contacted Liberty and proposed that the parties consider a possible acquisition of the Company
- September 10, 1997: Salomon presents to the Board on strategic alternatives, including the possibility of a "going private" transaction
- September 11, 1997: The Company issues a press release regarding a \$48 per share cash offer (the "\$48 Offer") from the Buying Group, which included Mr. Johnson and Liberty

## Case Study: BET Holdings Continued

- September 11, 1997: Salomon informed the Company that it was resigning as financial advisor to the Company and would thereafter be acting as financial advisor to the Buying Group.
- September 15, 1997: Board appointed the Special Independent Committee to review and evaluate the \$48 offer. The Company hired Freedman, Levy, Kroll & Simonds ("Freedman") to serve as counsel to the Special Independent Committee.
- October 2, 1997: The Company and the Buying Group entered into a Nondisclosure Agreement.
- October 14, 1997: The Special Independent Committee retains Goldman Sachs as independent financial advisor.
- October 22, 1997: The Special Independent Committee, Goldman Sachs and Freedman met to develop a process for Goldman Sachs' review of the Company's business.
- October 30, 1997: Goldman Sachs meets with Salomon.
- November 5, 1997: The Special Independent Committee, Goldman Sachs and Freedman met to review Goldman Sachs' progress and to discuss the meeting with Salomon.
- November 24, 1997: The Special Independent Committee, Goldman Sachs and Freedman met by telephone with representatives of the three largest institutional investors other than members of the Buying Group. The institutional investors advised the Special Independent Committee of their views that the \$48 price was not adequate and that a price in the \$60's would be appropriate.
- November 24, 1997 through December 1997: The Special Independent Committee, Goldman Sachs and Freedman discuss the internal projections of the Company.
- January 12, 1998: Goldman Sachs expressed its views to the Special Independent Committee that the \$48 Offer was not adequate. The Company issued a press release on January 23, 1998.
- January - February 1998: Goldman Sachs continues to have discussions with Salomon.



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## Case Study: BET Holdings

### Continued

- February 27, 1998: Goldman Sachs reports to the Special Independent Committee that the Buying Group was considering raising the offer to \$63 per share.
- March 2, 1998: Mr. Johnson telephoned the Special Independent Committee and confirmed that the Buying Group was increasing its offer price.
- March 5, 1998: Goldman Sachs presented to the Special Independent Committee an analysis of a \$63 per share offer. At the conclusion of the meeting, the Special Independent Committee decided to ascertain whether a price above \$63 per share could be obtained.
- March 6, 1998: Mr. Johnson of the Buying Group told the Special Independent Committee that the Buying Group would not raise the price above \$63 per share.
- March 15, 1998: Goldman Sachs rendered its oral opinion, subsequently confirmed in writing, that as of such date the \$63 per share is fair from a financial point of view.
- March 15, 1998: The Special Independent Committee recommended to the Board that it approve the merger agreement.
- March 15, 1998: Board approved the merger agreement and recommended that the stockholders approve and adopt the merger agreement.
- March 16, 1998: The Company and the Buying Group issue separate press releases disclosing that they had signed a definitive merger agreement.

#### Results:

July 30, 1998: The shareholders approve the transaction and the deal was consummated. Final offer of \$63 per share represented a 31% premium over the initial offer of \$48 per share.



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## **Appendix F: Metals and Mining Outlook**

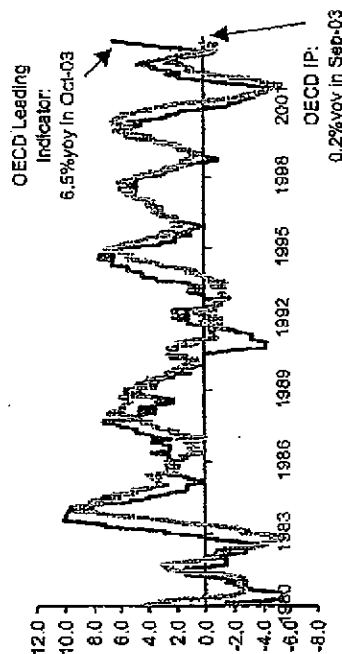
**Metals and Mining Outlook 57**

**SP COMM 007529**

**A127**

# Economic Update

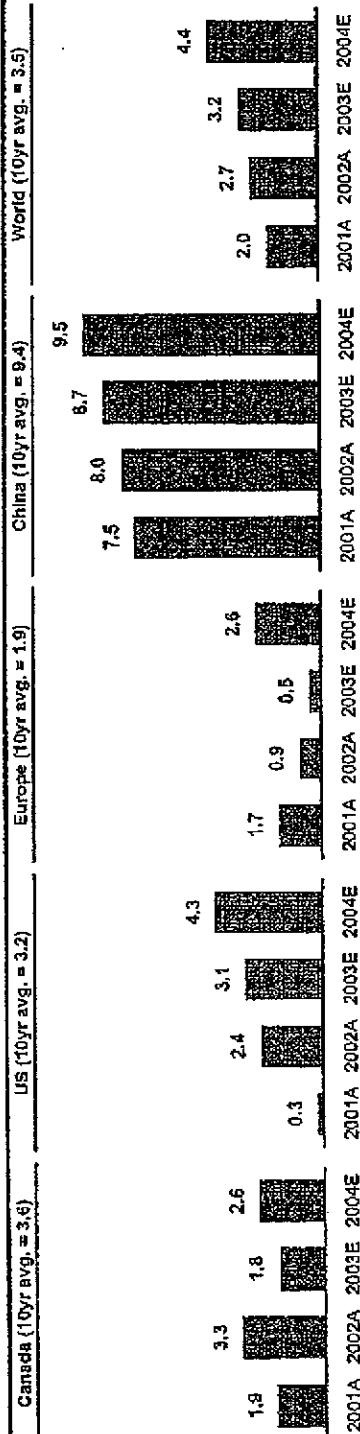
OECD Leading Indicator (% Change)



## GS Research Comments

- We have upgraded our Metals & Mining Industry coverage view to Attractive from Neutral for three reasons: (1) an increase in our global metals demand outlook that incorporates Goldman Sachs' economists' views of an acceleration in China's economic growth in 2004; (2) new data from our eight-day visit to China which turned us more positive on demand-supply fundamentals; and (3) global mine capacity constraints that are unlikely to be resolved over the next 12-18 months
- On November 17, Goldman Sachs' economics team raised its forecasts for China's 2004 GDP growth to 9.5% from 8.4% and pointed out probable upside risks to the upgraded estimates. This forecast is for an out-of-consensus view of an accelerating Chinese economy due to a consumption-led recovery
- We believe that the base metal sector is among those that would benefit the most from our above-consensus view of Chinese economic growth in 2004. China has become the world's largest metal-consuming country, representing approximately 20% of global metal demand
- We believe the impact of this demand should be positive for all base metals; however, aluminum and nickel are the metals most leveraged to consumer spending

Goldman Sachs Research GDP Growth Forecasts (%)



Source: GS Research, OECD as of December 2003

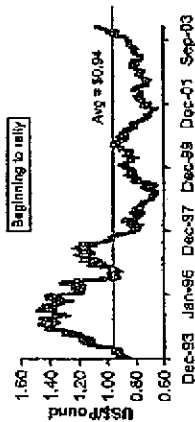
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# Commodity Price Update

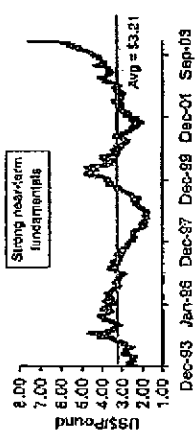
	Unit	Historical Averages					Outlook (Average for Year)		
		10 Year	5 Year	3 Year	1 Year	Current	2004E	2005E	Long Term
Copper	US\$/lb	0.94	0.81	0.80	0.85	1.29	1.05	1.15	0.85
Nickel	US\$/lb	3.21	3.37	3.40	4.39	7.38	5.75	6.50	3.00
Zinc	US\$/lb	0.46	0.43	0.36	0.38	53.3	0.44	0.47	0.47
Aluminum	US\$/lb	0.58	0.55	0.64	0.65	0.82	0.72	0.77	0.59
Gold	US\$/oz	329	301	315	384	410	420	400	350
Platinum	US\$/oz	473	637	588	683	849	719	650	

## Historical Commodity Prices

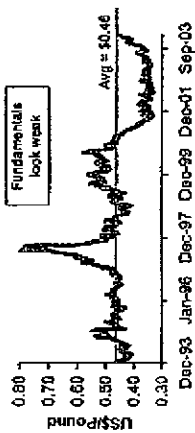
### Copper



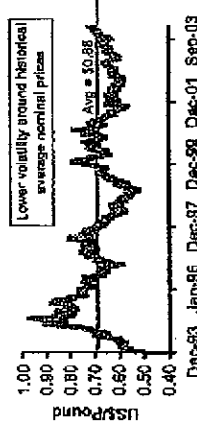
### Nickel



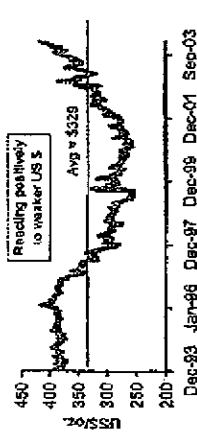
### Zinc



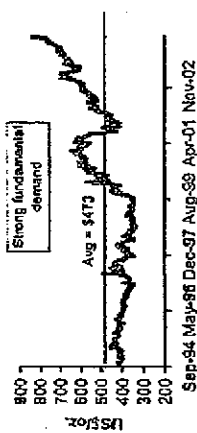
### Aluminum



### Gold



### Platinum

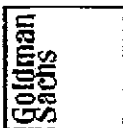


Sources: GS estimates, London Metal Exchange  
Note: Metal prices as of February 12, 2004.

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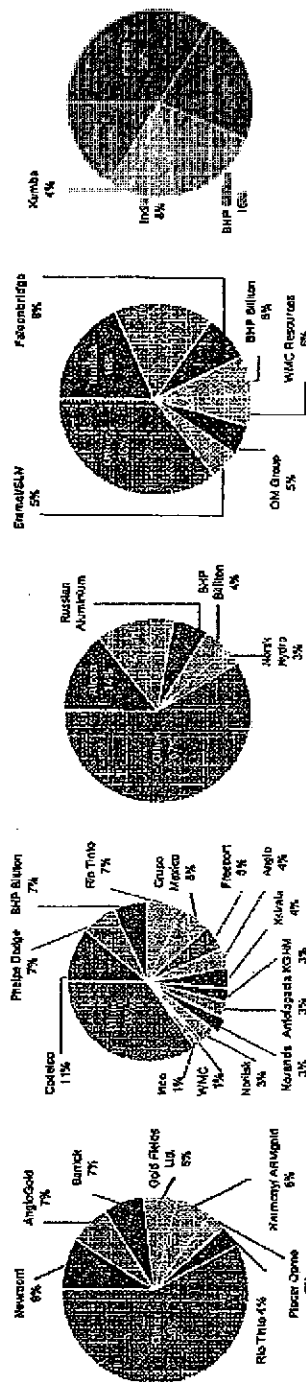
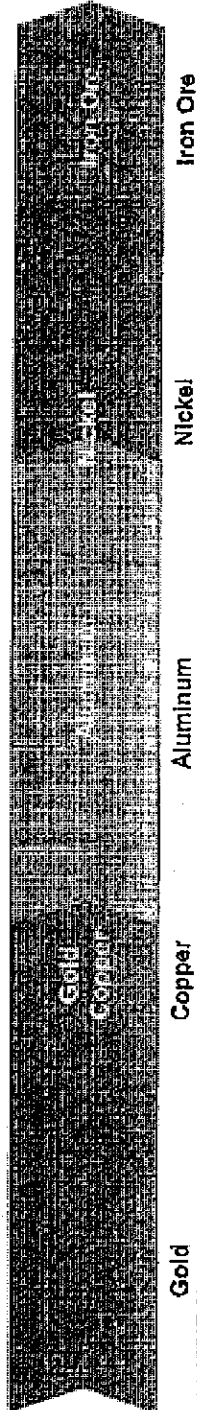
## Current Metals & Mining Environment and Trends

- Metals & Mining industry has dramatically consolidated in the last 5 years
  - Sectors such as copper and gold remain relatively fragmented
  - Certain other sectors such as iron ore are basically fully consolidated
  - Few meaningful consolidation opportunities remain in other sectors such as aluminum, platinum, diamonds, etc.
- M&A activity will continue, albeit at a much slower pace than in recent past
  - Scope for further consolidation in copper and gold
  - Transformational mega-mergers are less likely to occur
  - Scarcity of available and high quality truly strategic transactions in the \$3 billion plus range
  - Some activity in the US\$1 billion to US\$3 billion range; however, large deals will be fewer in number
  - Portfolio rationalizing to upgrade the asset base will continue to be important
- Migration of minerals development opportunities to "frontier" areas – Russia, China, Central and Southern Africa
  - Higher risk return propositions
  - Risks associated with larger projects may need to be shared through a joint approach (JVs)
- Importance of China rising across metals
  - Large consumer of steel, copper, nickel, aluminum and many other metals
  - Increasing and improving production capabilities across metals
- Equity markets are changing
  - Less focus on "pure-play" metal exposure (Gold and PGMs are an exception)
  - Size and liquidity are important to investors
  - Decreasing number of investment opportunities
  - Valuation based on track record, growth, portfolio quality and management
- Highly structured transactions as opposed to plain vanilla M&A likely to be the predominant strategic force in the next five years
  - Joint ventures
  - Marketing alliances
  - Asset swaps
  - Exploration alliances



# Progress of Consolidation in the Metals & Mining Industry

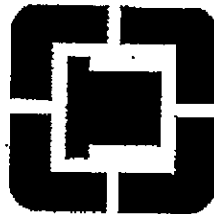
Characteristics	"Fragmented"	"Semi-Consolidated"	"Fully Consolidated"
	<ul style="list-style-type: none"> <li>Many small players</li> <li>Lack of clear market leaders</li> <li>Large number of small transactions</li> </ul>	<ul style="list-style-type: none"> <li>Increasing scarcity of options</li> <li>Race to achieve optimal scale</li> <li>Transactions may be fewer in number but of significant size</li> </ul>	<ul style="list-style-type: none"> <li>Limited additional scope for consolidation</li> <li>M&amp;A activity increasingly consists of portfolio asset swaps</li> </ul>



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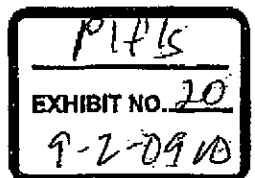
# Presentation to the Special Committee



## SOUTHERN PERU

Goldman, Sachs & Co.  
March 2<sup>nd</sup>, 2004

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A132



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PERIOD: 800-431-4888

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- Appendix D: Special Committee Situations
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*Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you (and your employees, representatives and other agents) may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, with no limitations imposed by Goldman Sachs.*



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## **I. Goldman Sachs' Credentials**

**Goldman Sachs' Credentials 3**

**SP COMM 004388  
A135**

# Our Understanding of Key Criteria for the Selection of an Advisor

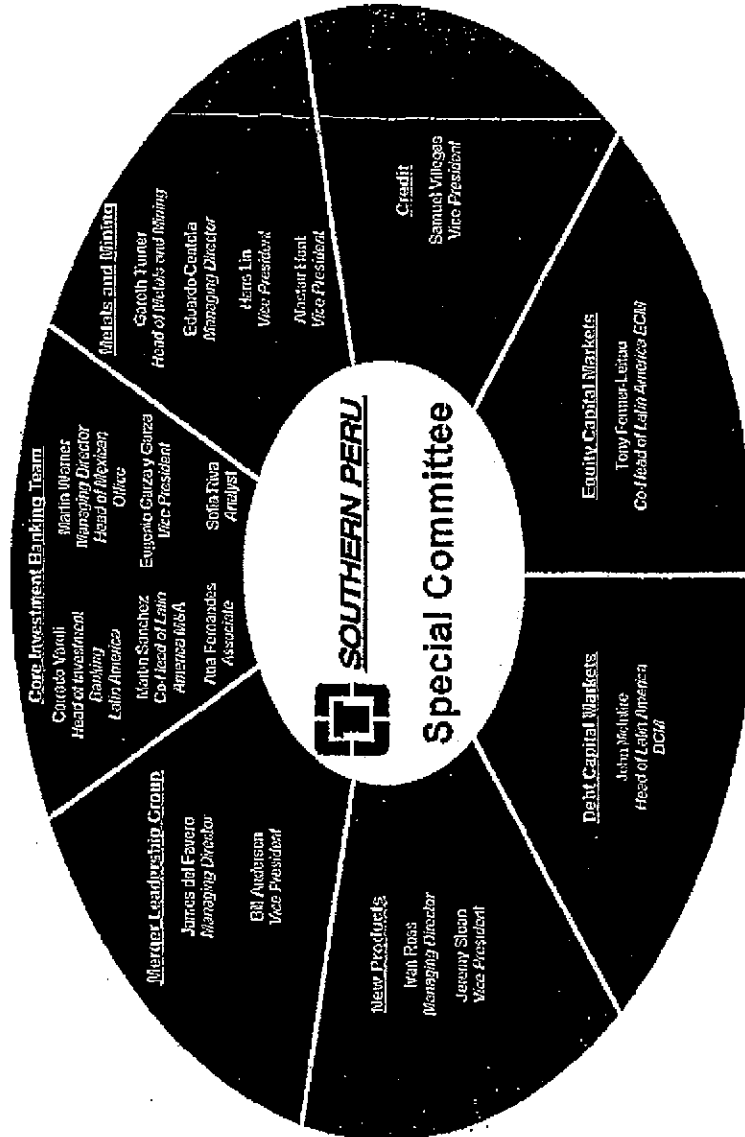
Independence		<ul style="list-style-type: none"> <li>Goldman Sachs has NO existing investment banking relationship with Grupo Mexico or SPCC</li> </ul>
Extensive Special Committee Advisory Experience		<ul style="list-style-type: none"> <li>Goldman Sachs is a leader in Special Committee advisory assignments, with recent involvement in different types of situations including raid defense, minority squeeze-out, conflicting situation with controlling shareholders among others</li> </ul>
M&A Experience		<ul style="list-style-type: none"> <li>Goldman Sachs continues to lead its competitors in worldwide M&amp;A transactions                             <ul style="list-style-type: none"> <li>Number 1 position with a 36% market share during 1999 - 2003</li> </ul> </li> <li>Leading Investment Banking franchise in Latin America</li> </ul>
Quality of Advice		<ul style="list-style-type: none"> <li>Goldman Sachs has been consistently recognized the M&amp;A advisor of choice in the CFO and Wall Street Journal Banking Surveys</li> <li>GS Principle #1: "Our clients' interests always come first..."</li> <li>GS Principle #5: "We stress creativity and imagination in anything we do..."</li> <li>GS Principle #14: "Integrity and honesty are at the heart of our business..."</li> </ul>
Dedicated Team		<ul style="list-style-type: none"> <li>Goldman Sachs would employ a team of professionals from the Investment Banking Division with deep regional, industry and transactional knowledge and expertise</li> <li>Experience in dealing with complex situations</li> </ul>



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## Your Goldman Sachs Team

Goldman Sachs would employ a multi-disciplined advisory approach that leverages off of industry, regional, product and market expertise across areas to address the Special Committee's specific needs and provide you with the highest quality advisory services.



## Goldman Sachs Team Biographies

### Core Team Members Biographies

- **Corrado Varoli** – Head of Latin America Investment Banking. Corrado joined Goldman, Sachs & Co. in 1999 as a Managing Director in the High Technology Group. Prior to joining Goldman Sachs, Corrado was at Morgan Stanley as Managing Director in Mergers and Acquisitions (1999-1999). Corrado advised on key transactions in 2002: Petrobras/Petrex Company; Ambev/Quilmes; Restructuring of Globo; America Movil's acquisition of Bell Canada Int. and CORD/Mitsui – Caemt. He advised Companhia Anorima Nacional, Telefonos de Venezuela (CANTV) and defense against US\$1.37 billion unsolicited offer from AES in 2001. Advised the Brazilian Government in the privatization of Telebras. Extensive expertise in the Power Industry as team leader in the privatizations of Elektro, Banderante, and CPFL among others. Advised Telmar on valuation and acquisition of a Brazilian PCS license through an auction process in January 2001. Advised Telefonos's on its tender offer for minorities in Argentina, Peru and Brazil. Corrado graduated from Georgetown University, M.B.A., 1987 and McMaster, B.A., 1984.
- **Martin Werner** – Head of Mexican Office/Managing Director. Martin joined Goldman, Sachs & Co. in 2001 as a Managing Director in the Mexican Office. Before joining Goldman, Sachs & Co. Martin worked as Advisor to the Undersecretary of Finance and Public Credit of Mexico (1985 – 1987), Public Debt Director, Ministry of Finance and Public Credit (1992 – 1994), General Director of Public Credit, Ministry of Finance and Public Credit (1995-1996) and Undersecretary of Finance and Public Credit, Ministry of Finance and Public Credit (1997-1999). Martin worked on various transactions, including ING acquisition of Seguros Comercial America for \$781 million; Citigroup acquisition of Banafel for \$12.8 billion, UMS \$1.5 billion debt offering due 2031 and Pemex \$750m debt offering due 2011. Martin has a Bachelors Degree in Economics from ITAM (1986) and a Ph.D in Economics from Yale University (1991).
- **Martin Sanchez** – Co-head of Latin America Mergers & Acquisitions. Martin joined Goldman Sachs International, Mergers & Acquisitions Department, London Office, as a Financial Analyst in 1992. Transferred to the New York Office as an Associate in 1995. Promoted to Vice President in 1999 in the U.S. Mergers & Acquisitions Department. Martin is currently the Co-head of Latin America Mergers & Acquisitions. Martin has extensive experience in working on merger and acquisition situations in the region and across industries having been involved in several of the largest transactions executed by Goldman, Sachs & Co. in Latin America. Advised Repsol in the Purchase of YPF. Advised Telefonos in their acquisitions in Latin America. Advised Quilmes in its alliance with Ambev. Advised Telmex in its acquisition of A.T&T Latin America. Martin has also been involved in several sell-side assignments for our multinational clients and families in the region. Graduated from CUNEF, B.A., 1992.
- **Eugenio Garza y Garza** – Vice President in the Latin American Group. Eugenio joined Goldman, Sachs & Co. as an Associate in the Latin America Group in 1997. He was promoted to Vice President in 2000. Prior to joining Goldman, Sachs & Co., Eugenio was an associate at Booz Allen & Hamilton, Inc. (1993-1995). Eugenio's recent transactions include United Mexican States secondary sale of \$650 M in BBVA Bancomer shares (2002), United Mexican States issue of \$1.0 B in 12 year bonds that introduced Collective Action Clauses (2003), Auchan, S.A. sale of 6 Mexican properties to Controladora Comercial Mexicana (2002), Comisión Federal de Electricidad private placement of Y32 billion in 30 year notes (2002), Cemex, S.A. de C.V. \$413 M offer for Trinitad Cement Limited (2002), Cemex, S.A. de C.V. \$250 M acquisition of Puerto Rican Cement Company, Inc., (2002). Eugenio studied at Stanford University Graduate School of Business, M.B.A., 1997 (Arjay Miller Scholar) and I.T.E.S.M., B.S. in Chemical Engineering, 1992. Advised the independent committee of the board of directors of BBVA Bancomer in connection with their response to the outstanding offer from BBVA to purchase the remaining 40.6% stake in BBVA Bancomer.
- **Ana Fernandes** – Ana Fernandes joined Goldman Sachs in 2002 as an Associate in the Latin American Advisory Group in New York and relocated to the São Paulo office in 2003. Ana has also worked at Goldman Sachs São Paulo office as an Analyst from 1997 until 2000. She has extensive experience in the Latin American region and has worked in different M&A and financing transactions. Ana worked on the recent \$800 mm restructuring of Telecom Italia Mobile's Brazilian subsidiaries; on the \$1.2 bn sovereign bond for the Republic of Brazil; Telefonos in its tender for the minorities of Telcel and Tele Sudeste Celular in January 2000 for US\$13 billion. Ana earned her B.A. from Fundação Getúlio Vargas in 1997 and earned her M.B.A. from Harvard Business School in 2002 with Honors.
- **Sofia Riva** – Joined Goldman, Sachs & Co. as an analyst in the Latin America Group in 2003, after spending a year in Deutsche Bank. Sofia worked on Telmex's acquisition of A.T&T Latin America, as well as on a variety of assignment in different industries throughout the region. Sofia graduated from the Wharton School, University of Pennsylvania 2002, with a BS in Economics.

## Our Business Principles

Clients Come First

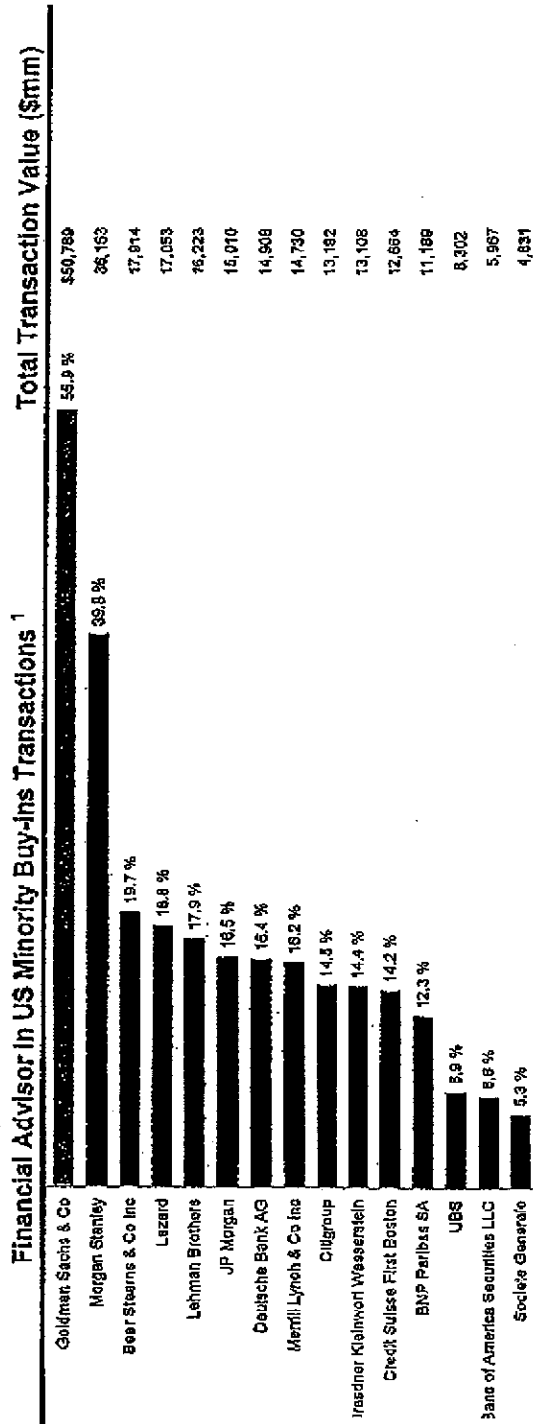
- |          |   |           |  |
|----------|---|-----------|--|
| <b>1</b> | Our clients' interests always come first...   | <b>8</b>  | We stress teamwork in everything we do...  |
| <b>2</b> | Our assets are our people, capital and reputation...  | <b>9</b>  | The dedication of our people to the firm and the intense effort they give their jobs are greater than one finds in most other organizations... |
| <b>3</b> | Our goal is to provide superior returns to our shareholders...  | <b>10</b> | We consider our size an asset that we try hard to preserve...  |
| <b>4</b> | We take great pride in the professional quality of our work...  | <b>11</b> | We constantly strive to anticipate the rapidly changing needs of our clients and to develop new services to meet those needs...                |
| <b>5</b> | We stress creativity and imagination in everything we do...   | <b>12</b> | ...To breach a confidence or to use confidential information improperly or carelessly would be unthinkable.                                    |
| <b>6</b> | We make an unusual effort to identify and recruit the very best person for every job...                 | <b>13</b> | Our business is highly competitive, and we aggressively seek to expand our client relationships...   |
| <b>7</b> | We offer our people the opportunity to move ahead more rapidly than is possible at most other places... | <b>14</b> | Integrity and honesty are at the heart of our business...  |

# Goldman Sachs' Special Committee Advisory

## Selected Transactions in which Goldman Sachs Has Advised a Special Committee

GS Client	Other Side	Primary Industry	Project Type	Size (\$ mm)
2003 UnitedGlobalCom Europe	UnitedGlobalCom / Liberty Media	Media	Minority Interest Advisory	1,300
2002 Dole	David H. Murdoch, CEO	Consumer Products	Minority Interest Advisory	2,600
2001 BancWest	BNP Paribas	Banking	Exclusive Seller	4,458
2000 Times Mirror	Tribune	Media	Exclusive Seller	8,231
1999 Burham Pacific Properties	Schottenstein	REIT	Raid Defense	1,138
1999 EOG Resources	Enron	Oil & Gas Exploration	Divestiture	1,046
1998 BET Holdings, Inc.	Liberty Media & Robert Johnson	Media	Minority Interest Advisory	462
1997 Melamine Chemicals	Ashland Inc.	Chemicals	Exclusive Seller	64

## Financial Advisor In US Minority Buy-Ins Transactions <sup>1</sup>



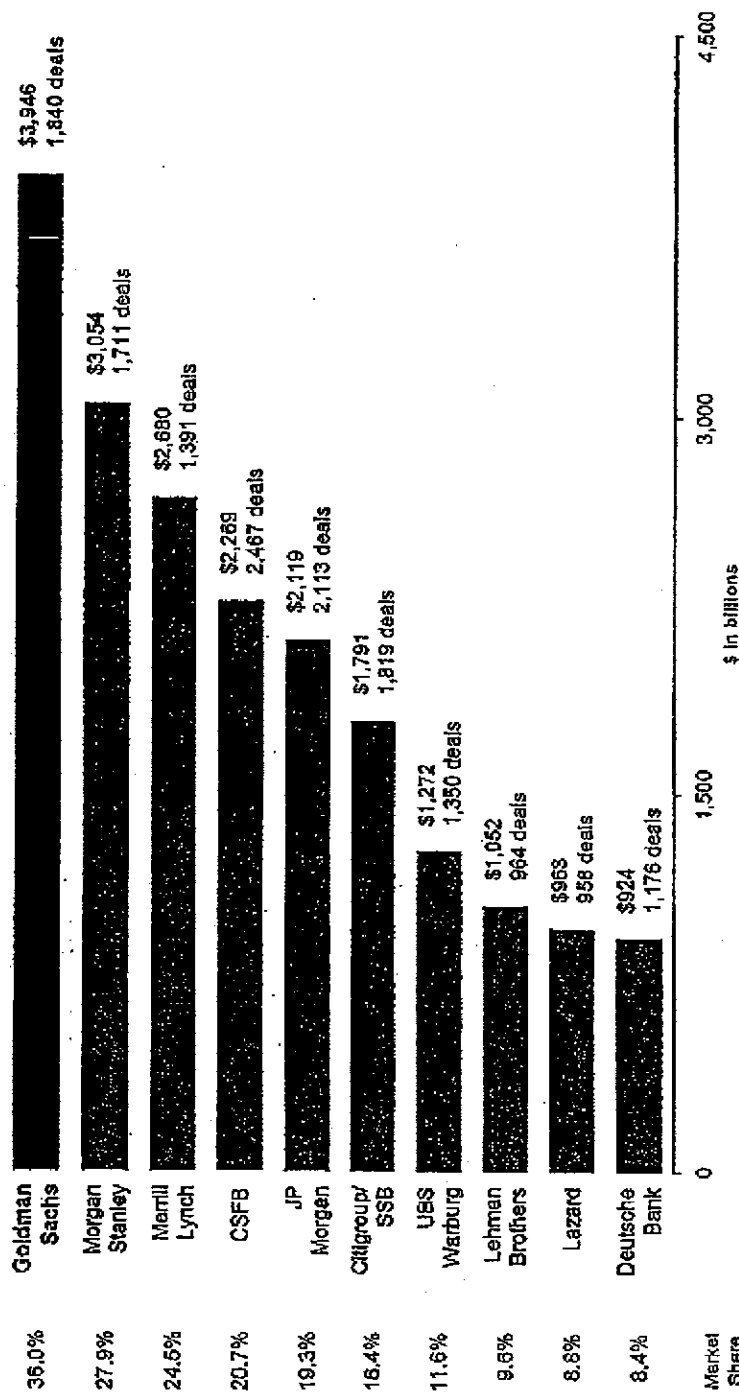
Source: SDC  
1 1997-2003



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## Investment Banks Ranked in Order of Dollar Volume of Announced Worldwide Merger Transactions 1999-2003

Goldman Sachs continues to lead its competitors with total transactions of \$3.9 trillion announced during 1999-2003



Source: Thomson Financial Securities Data





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## M&A Advisory Activity 2003 Highlights

Goldman Sachs advised on several notable transactions in 2003, including Bank of America's acquisition of FleetBoston Financial, Anthem's merger with WellPoint Health, NBC's acquisition of Vivendi Universal Entertainment, and several notable raid defense situations, including defending Dana (ArvinMeritor), Pechiney (Alcan), PeopleSoft (Oracle) and Taubman Centers (Simon Property Group and Westfield America).

### 2003 Global Announced League Tables

23.6%	Goldman Sachs	\$394.6 / 259 Deals				
15.0%	Morgan Stanley	\$239.9 / 240 Deals				
16.5%	Citigroup	\$220.1 / 308 Deals				
14.1%	Bearst Lynch	\$214.3 / 104 Deals				
15.7%	JP Morgan	\$203.7 / 258 Deals				
		Total 2003 Volume: \$1,353				
Market Share	100	200	300	400	500	600
			Value (\$bn)			

### 2003 U.S. Announced League Tables

45.6%	Goldman Sachs	\$240.2 / 143 Deals					
22.9%	Morgan Stanley	\$117.6 / 98 Deals					
19.0%	Citigroup	\$100.1 / 154 Deals					
14.9%	Lehman Brothers	\$96.4 / 111 Deals					
17.9%	GS First Boston	\$94.5 / 149 Deals					
		Total 2003 Volume: \$608					
Market Share		Value (\$bn)					
	0	50	100	150	200	250	300

Source: Thomson Financial Securities Data

### Top 20 Goldman Sachs Announced Deals - 2003

Acquirer	Target	Value (\$bn)
Bank of America	FleetBoston Financial	\$49.3
Ing C Olivetti & Co	Telecom Italia	27.8
Anthem	WellPoint Health Networks	16.4
St. Paul Cos.	Travelers Property Casualty	16.1
NBC	Vivendi Universal Entertainment	13.7
Manulife Financial	John Hancock Financial Services	11.1
General Electric	Ameriham	9.8
Slivestor UK Properties	Canary Wharf Group	8.0
Liberty Media	QVC	7.9
BP - Russian Assets	Alfa, Renova - Russian Assets	7.6
First Data	Concord EPS	7.2
Citigroup	Sears, Roebuck - Credit Card	7.1
France Telecom	Orange	7.1
Alcan	Pechiney	7.1
News Corp	Hughes Electronics	6.9
Shareholders	Medco Health Solutions (Merck)	6.8
IDEC Pharmaceuticals	Biogen	6.1
Oracle	PeopleSoft	5.9
Koch Industries	Invista	4.4
Blackstone, Apollo, GS Cap Partners, Onco Nalco		4.4
Total Volume - Top 20 GS Advised Deals		\$230.7
Total Volume - All GS Advised Deals		\$394.6

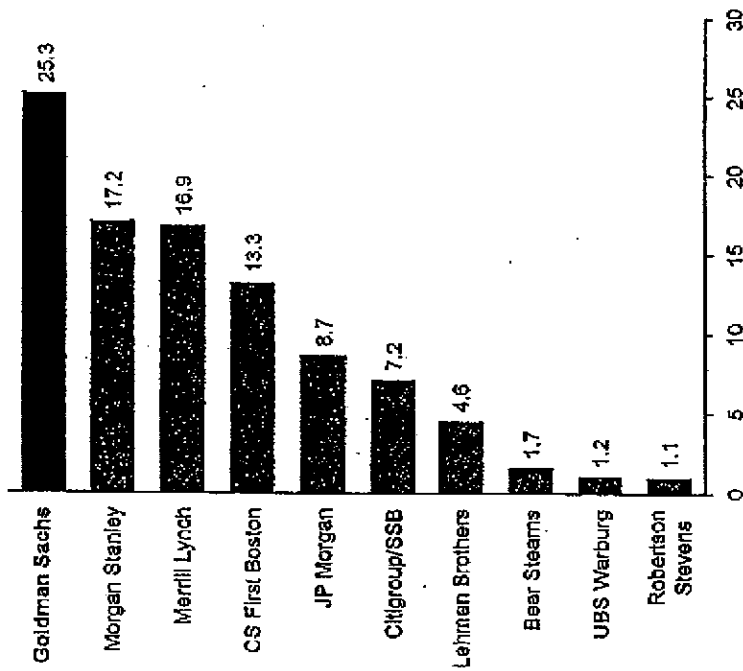
Note: GS clients in bold.



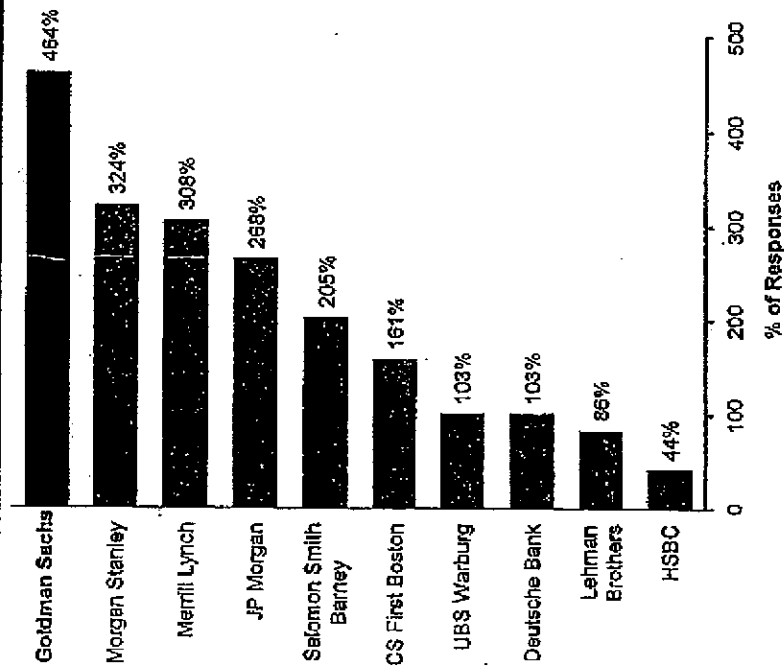
# Global Mergers & Acquisitions Leadership

## Accolades for Goldman Sachs Advisory Roles

Recognition of Advisory Expertise -  
2002 CFO Survey



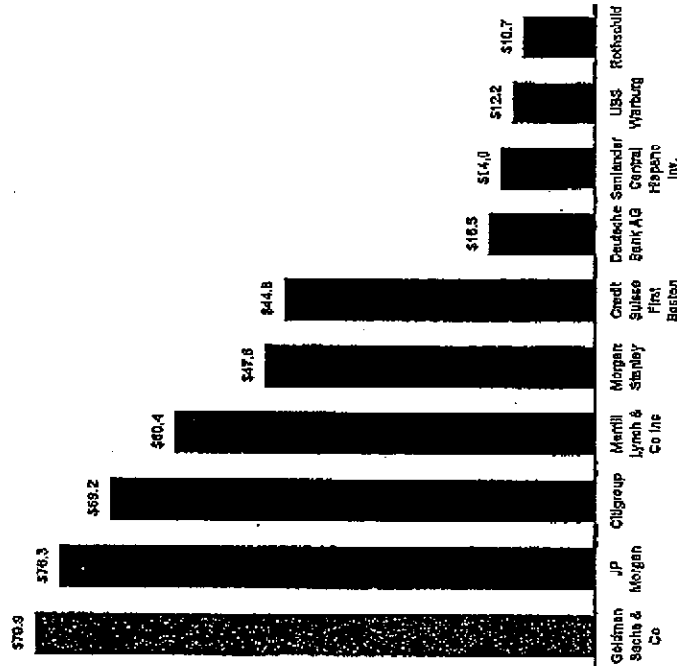
The Wall Street Journal's 2002  
Global Investment Banking Survey





# Goldman Sachs Leadership in Latin America

A History of Execution Achievement,  
1999 – 2003 (US\$ billions)



Two Consecutive Years as the Region's Leading  
Merger Advisor

**Latin America**  
Best regional M&A house:  
Goldman Sachs

Over the past 12 months, Goldman Sachs has been ranked as Latin America's leading M&A house by Euromoney magazine, which publishes its annual survey of the world's leading M&A houses. Goldman Sachs was ranked first in the survey, with a score of 151.5. The poll surveyed 1,000 M&A executives.

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**EUROMONEY AWARDS FOR EXCELLENCE 2003**

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In 2002 and 2003, Goldman Sachs has been recognized by Euromoney Magazine as

- The World's Best M&A House
- Best M&A House in the United States
- Best M&A House in Venezuela
- Best M&A House in Brazil

Sources: Securities Data Corporation, Full Credit to both Target and Acquirer Advisor.  
\* Excludes self-advised deals by S&B for US\$13.7 bn (Citigroup's acquisition of Bancamex for US\$12.5 bn and Citigroup's acquisition of Aegion's 48% ownership in Aegion Bancamex for US\$1.2 bn).



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## Award-Winning M&A Leadership in Latin America

**EUROMONEY**

For 2002 and 2003, Goldman Sachs has been recognized by Euromoney Magazine as

- The World's Best M&A House
- Best M&A House in the United States
- Best M&A House in Venezuela (2002)
- Best M&A House in Brazil (2003)



US\$1.0 billion  
Acquisition of majority  
interest of Perez Compan

**Merger and Acquisition Deal of the Year Award: Latin Finance, February 2003**

- Advised Petrobras in its largest acquisition ever made by acquiring 58.6% of Perez Compan
- Argentina's second largest oil company



\$12.0 billion  
sale to

**citigroup**

Goldman Sachs advised on 12 of the 16 M&A transactions awarded Deal of the Year, by Institutional Investor, including:

- Banac's sale to Citigroup, the largest financial institution M&A transaction in Latin America and largest M&A transaction in Mexican history



US\$13 billion  
Acquisition/tender  
for control of YPF

**Mergers and Acquisitions Deal of the Year Award: Latin Finance, February 2000; Institutional Investor, January 2000; Investment Dealers Digest, December 1999 and Corporate Finance, December 1999**

- Advised Repsol in the largest-ever public tender offer for control of a Latin American company, Argentine oil company YPF.



US\$14.2 billion  
Tender offer to acquire shares of:  
Telefonos de Peru, Telefonos de  
Argentina, Teles Sudeste, Telesp

**Advised Telefonos de Spain in its consolidation of holdings in four Latin American companies in July 2000**

- Advised Telefonos S.A. in the acquisition of the remaining shares outstanding not already owned of Telefonos de Peru for \$1.8 billion as part of the \$14.2bn global tender offering for four of its Latin American subsidiaries (Brazil, Argentina and Peru)
- First and largest multi-country tender offer in Latin America



Raid defense against



**The first successful raid defense in Latin America**

- Defense included a share repurchase and extraordinary dividend payout, presenting a more attractive alternative to an offer from AES.



# Goldman Sachs' Metals and Mining Industry Experience

## GS Metal and Mining Team

Gareth Turner <i>Managing Director</i>	Head of Global Metals and Mining
Paul Perry <sup>1</sup> <i>Executive Director</i>	Head of Australian Resources
Martin Grant <i>Director</i>	Australia Metals and Mining
Alastair Hunt <i>Vice President</i>	Head of America's Metals and Mining
Eduardo Centola <i>Managing Director</i>	South America Metals and Mining
Johan Leven <i>Managing Director</i>	Asia and Australia

## Relevant Transactions

 <b>PECHINEY</b> 64.4 billion Sale to  <b>ALCAN</b> July 2003	 <b>VALMIN</b> US\$2.8 billion Sale to  <b>IWORO</b> January 2002
 <b>NEWMONT</b> US\$2.2 billion Acquisition of  <b>NORMANDY MINING</b> November 2001	 <b>NEWMONT</b> US\$2.8 billion Acquisition of  <b>KOSMOS-ROSNEFT</b> November 2001
 <b>AURIFER</b> \$6.1 billion Merger with  <b>ALCOA</b> August 1999	 <b>A-L</b> Alstom-Lennox Group AG \$4.8 billion Sale to  <b>ALCAN</b> August 1999

<sup>1</sup> Goldman Sachs JBWera.



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**SP COMM 004401**  
**A148**



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## **II. Situational Analysis**

**Situational Analysis 16**

**SP COMM 004402  
A149**



## Situational Overview

- On February 3, 2004, Grupo Mexico presented a proposal regarding the possible sale to Southern Peru Copper ("SPCC") of all the shares Grupo Mexico currently owns in Minera Mexico in return for the issuance of additional SPCC shares to Grupo Mexico
  - Grupo Mexico currently owns a 98.84% stake in Minera Mexico and a 54.2% stake in SPCC
- SPCC has assembled a Special Committee of Disinterested Directors composed of members of its Board of Directors to represent the interests of the minority shareholders and evaluate whether the proposal is in the best interests of the minority shareholders of SPCC
- Grupo Mexico has engaged UBS as advisor in the proposed sale
- Potential stated drivers by Wall Street Research to Grupo Mexico's proposal include:

- Expected robust copper prices
  - Leverage off current expected strong recovery of copper pricing
    - Strong demand from China, demand recovery in the Western world, recent output interruptions and a weak U.S. dollar
    - Wall Street estimates forecast copper at US\$1.10/lb in 2004 and US\$1.30 / lb in 2005, versus the current US\$ 1.33 / lb<sup>1</sup>

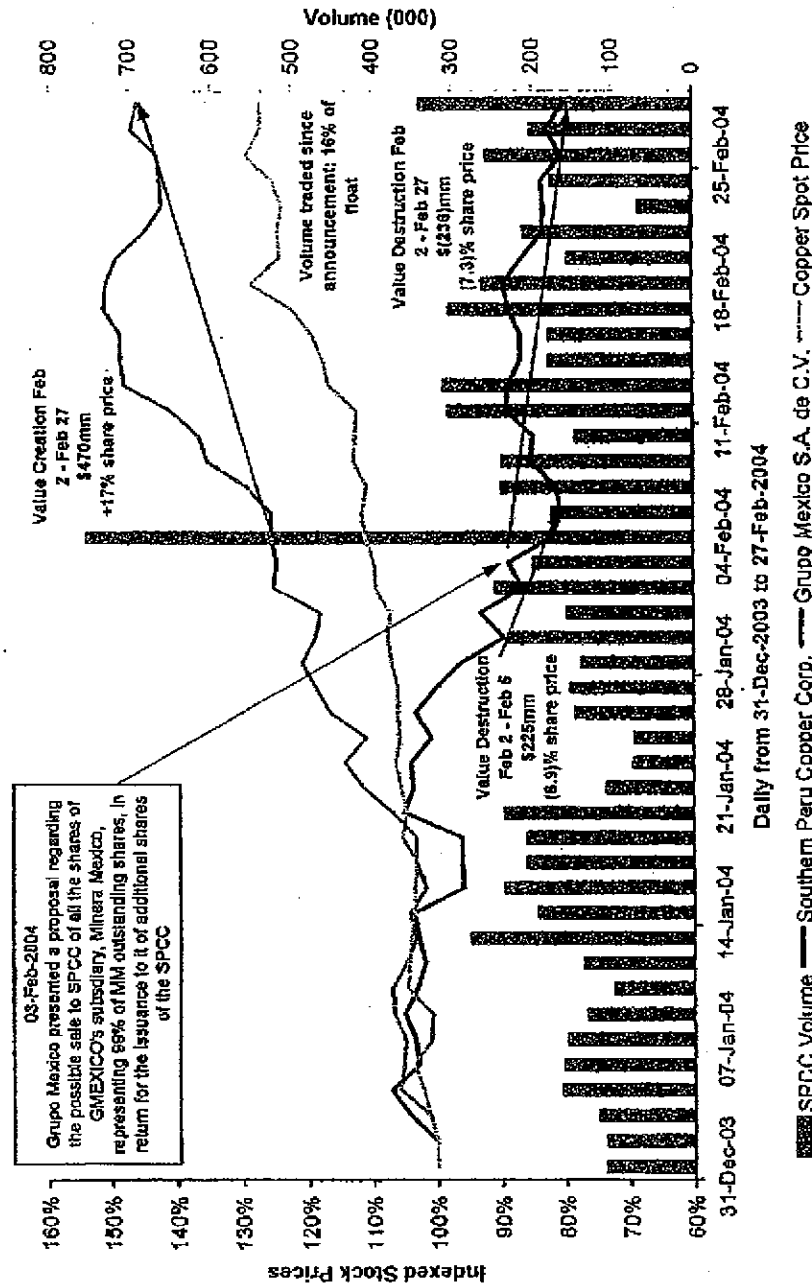
- Financial Situation
  - As a way to improve Grupo Mexico's and Minera Mexico's balance sheet given significant leverage ratio and financial performance and potential synergy generation

- Fulfill Capex Requirements
  - As a result of the high leverage, Grupo Mexico has been limited in its ability to invest to fully develop its resource base. High capital requirements are expected in 2004 and 2005 to allow for equipment modernization and compliance with environmental regulation

- While the terms of the Grupo Mexico proposal have not been publicly disclosed, the overall reaction by the research community has been negative, especially with respect to the valuation aspects of the proposal

<sup>1</sup> As of March 1, 2004. Source: LME.

# SPCC and Grupo Mexico Recent Share Price Performance



Source: Factset. Analysis assumes 800mm shares outstanding for Grupo Mexico and 80mm shares outstanding for SPCC. SPCC share prices: 2/27/04: \$37.8, 2/2/04: \$40.75 and 2/5/04: \$37.94. Grupo Mexico share prices: 2/27/04: MXN42.12 and 2/2/04: MXN35.1 (avg. ex-cvte: MXN1.04/US\$)

# Research Analysts' Reaction to Grupo Mexico's Proposal

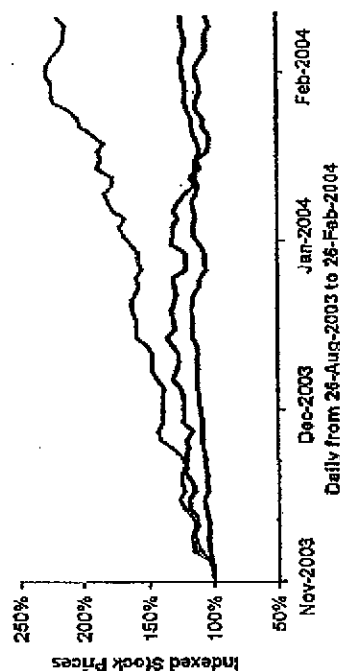
Date	Research House	Research Analyst	Comments
February 4 <sup>th</sup> , 2004	Goldman Sachs	Alberto Arias	<ul style="list-style-type: none"> <li>■ Grupo Mexico is proposing the sale of its Mexican mining subsidiary to Southern Peru Copper in exchange of 72.3 million SPCC shares (approximately US\$3.0 bn in value)</li> <li>■ SPCC would be assuming all of the Mexican's mining subsidiary current debt levels of US\$1.3 bn</li> <li>■ Terms appear unfavorable for SPCC on a preliminary basis</li> <li>■ We consider the valuation high for the Mexican's mining subsidiary based on Grupo Mexico's current share price and SPCC share prices</li> <li>■ Opening new access to financing in the NYSE</li> <li>■ We believe that this transaction would turn SPCC into a vehicle by which Grupo Mexico would be able to finance new growth opportunities in the copper market</li> <li>■ We estimate that this transaction would increase Grupo Mexico's interest in SPCC from 64.2% to 78.1%</li> <li>■ Grupo Mexico benefited from the acquisition of Asarco's interest in SPCC last year, which valued Asarco's 54.2% stake in SPCC at approximately US\$785 million when the copper cycle was depressed. Grupo Mexico is now selling its Mexican Mining subsidiary to SPCC at a time when the market has re-rated copper assets due to a strong cyclical upturn. We believe that both transactions benefit Grupo Mexico's shareholders</li> </ul>
February 4 <sup>th</sup> , 2004	Centura SAB	Luis Bravo	<ul style="list-style-type: none"> <li>■ Although Minera Mexico ("MM") holds significant copper reserves, their lower ore grade sets Minera Mexico as a less efficient operation than that of SPCC</li> <li>■ It is important to consider that MM's significant leverage ratio (\$1.3 bn in debt) has been the main factor behind its poor financial performance. Therefore, we consider that Grupo Mexico's move may be aimed at improving MM's balance sheet by merging it with that of SPCC's in order to stop eroding value</li> <li>■ Overall, the Special Committee of Disinterested Directors comprised of members of SPCC's Board will evaluate whether the proposal is in the best interest of SPCC's stockholders</li> </ul>
February 5 <sup>th</sup> , 2004	Bear Stearns	Daniel Altman	<ul style="list-style-type: none"> <li>■ Motivations for this transaction include (a) transferring its overleveraged Mexican assets to the underleveraged PCU; (b) achieving a higher valuation for its huge reserve base; (c) liquidity - the ability to sell down some of its PCU shares/collect dividends to reduce debt, while maintaining control; (d) primary listing on the NYSE for most of the copper assets; and (e) potential synergies</li> <li>■ Bottom line: Recall, we still view Grupo Mexico as a good, albeit speculative, vehicle to invest in the sector given (a) our robust forecast for copper pricing; (b) solid balance sheet turnaround potential; (c) strong operating leverage to the cycle; and (d) proposed improvements to disclosure/communication with the investment community.</li> </ul>
February 5 <sup>th</sup> , 2004	Sanlander Centel Hispano	Manuel Salazar	<ul style="list-style-type: none"> <li>■ First, a company with lower profitability would be merged with Southern Peru</li> <li>■ Second, Minera Mexico has US\$1.3 billion in debt, about 44% of Grupo Mexico's total debt. If Southern Peru takes control of Minera Mexico, then it would be responsible for paying the debt</li> <li>■ Should the deal go through, Southern Peru minority shareholders would, in effect, get a less profitable company burdened with debt, and they have to pay for it by diluting their stake in Southern Peru, which, in our opinion, is not an attractive prospect</li> </ul>



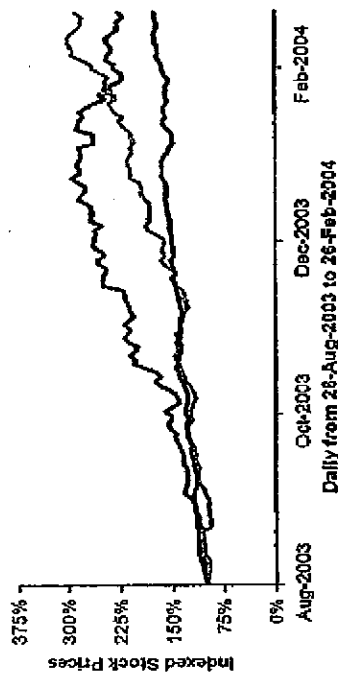
# SPCC and Grupo Mexico

## Historical Share Price Performance

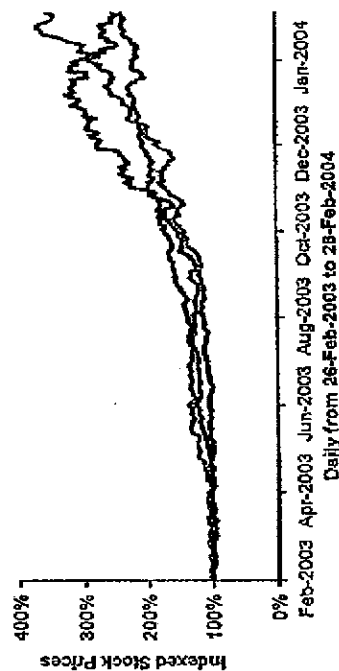
3 Months



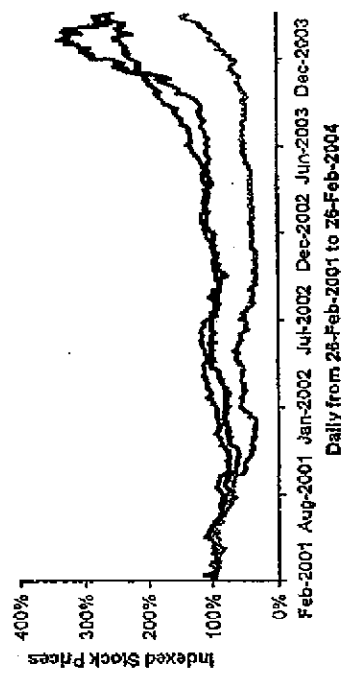
6 Months



1 Year



3 Years



— Southern Peru Copper Corp.

— Grupo Mexico S.A. de C.V.

— Copper Index (1)

<sup>1</sup> Copper Index includes Antofagasta, Phelps Dodge and Freeport.

# Minera Mexico Company Description

## Business Overview

- Minera Mexico is a fully-owned subsidiary of Grupo Mexico (98.84% stake), and is the largest mining company in Mexico
- Minera Mexico is composed of three key units: Mexicana de Cobre, Cananea, and Industrial Minera Mexico (IMMSA), running ten mines, as well as 11 smelters and refineries
  - The Mexcobre Unit consists of the La Caridad mine, mill, SXEW, smelter, and refineries
  - The Cananea mine is one of the world's largest copper mines. It has a competitive cash cost basis and exploits both mill and leach ore, but is considered to be highly underinvested
  - The IMMSA unit is primarily composed of seven small, high-grade, underground mines. Several of the IMMSA mines are being mined for mostly zinc and silver. The IMMSA unit also includes zinc and copper smelting and refining facilities in San Luis Potosi (SLP) and the Nueva Rosita coal mine and processing facilities in Coahuila

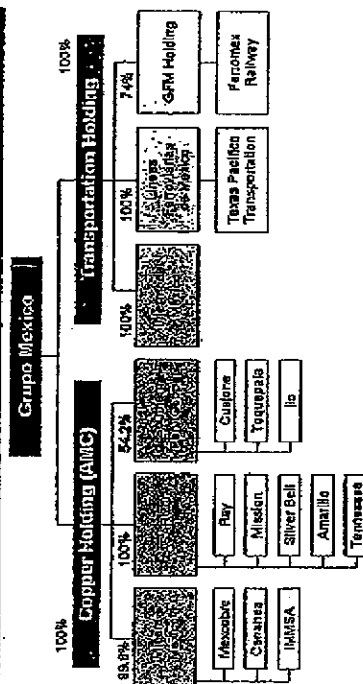
## Key Financial Figures

(US\$mm)	2001A	2002A	2003A <sup>1</sup>	2004E	2005E
Net Revenue	901.5	723.5	781.7	1,093.6	1,279.9
COGS	785.7	576.5	555.6	524.6	656.5
Depreciation	89.6	89.8	103.4	105.0	110.0
Gross Profit	46.2	57.5	123.2	384.1	513.4
Operating Expenses	39.3	41.8	34.0	56.7	85.0
Operating Income	6.9	15.7	87.8	308.4	448.4
EBITDA	96.5	105.5	191.0	413.4	558.4
Gross Margin	5.1%	7.9%	15.8%	33.3%	40.1%
Admin. Expenses/Sales	4.4%	5.8%	4.3%	5.0%	5.0%
Operating Margin	0.8%	2.2%	11.2%	28.2%	35.0%
EBITDA Margin	10.7%	14.5%	24.4%	37.8%	43.6%

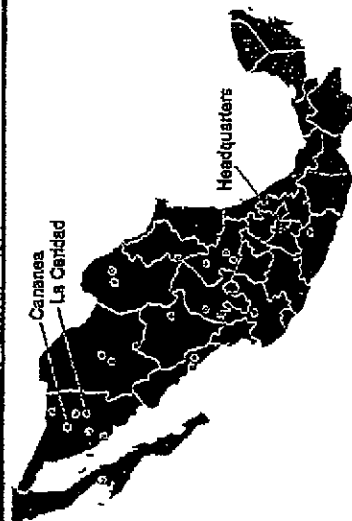
Sources: Company Information and Wall Street Equity Research

<sup>1</sup> Depreciation for 2003A derived from Grupo Mexico 4Q03 results.

## Ownership Structure



## Location - Main Assets







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### III. Financial Observations

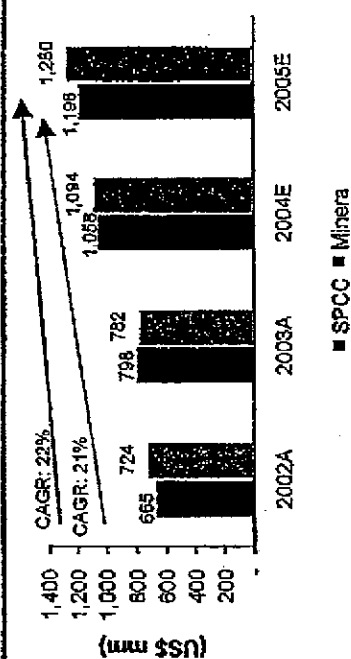
Financial Observations 22

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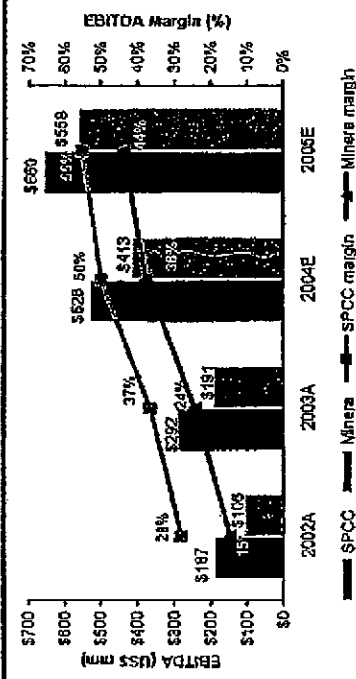


# **Key Operating Figures** **Minera Mexico Vs. SPCC** **(US\$ millions)**

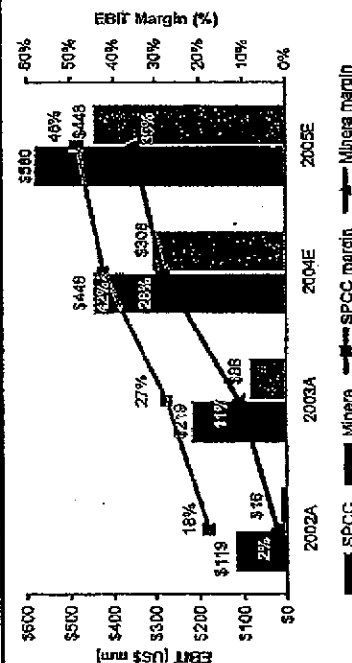
## **Net Revenues**



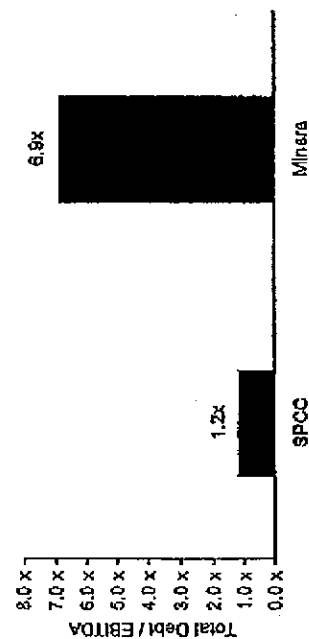
## **EBITDA and EBITDA Margin**



## **EBIT and EBIT Margin**



## **Total 2003 Debt / 2003 EBITDA<sup>1</sup>**



Sources: Wall Street Research and company filings.  
<sup>1</sup> 2003 debt for SPCC of US\$349mm and for Minera Mexico US\$1,322mm as per Grupo Mexico's 4Q03 filing.



# Financial Observations Contribution Analysis

	SPCC	Unadjusted	SPCC Multi- ple <sup>1</sup>	Adjusted <sup>2</sup>	Minera	# of SPCC Shares to be issued <sup>3</sup>
<b>Sales</b>						
2003A	\$798	50.5%	3.9 x	63.3%	\$781	48.4
2004E	1,058	49.2%	2.9 x	61.1%	1,094	50.9
2005E	1,198	48.3%	2.6 x	59.8%	1,280	53.7
<b>EBITDA</b>						
2003A	\$282	60.5%	10.6 x	80.1%	\$191	19.9
2004E	528	55.1%	5.8 x	72.5%	413	30.4
2005E	660	54.2%	4.7 x	69.2%	558	35.6
<b>EBIT</b>						
2003A	\$219	71.4%	14.1 x	NM	\$88	NM
2004E	448	59.2%	8.9 x	77.9%	308	22.7
2005E	580	56.4%	5.3 x	73.0%	448	29.6
<b>Book value<sup>4</sup></b>	\$1,241	65.2%	NM	65.2%	\$563	40.3
<b>Copper Ore Reserves (mm tons)<sup>5</sup></b>	1,794	33.0%	1.72x	37.5%	3,543	132.3
<b>Pro forma # of shares<sup>6</sup></b>	80		NM	52.5%	72.3	72.3

Note: 2003 and 2002 figures actual, 2004 and 2005 figures expected as per Wall Street Research.

<sup>1</sup> Market values as of 2/27/04. Share price for SPCC of US\$37.8. Assumes 90mm shares outstanding.

<sup>2</sup> Assuming SPCC's multiples are the same for Minera and considering each company's net debt position - US\$47mm for SPCC and US\$1,268mm for Minera, as per Grupo Mexico's 4Q03 filing.

<sup>3</sup> Assuming proforma adjusted contribution figures.

<sup>4</sup> December 2002 value for both companies. 2003 not reported yet.

<sup>5</sup> December 2002 value for both companies. 2003 not reported yet.

<sup>6</sup> Assumes issuance to Grupo Mexico of 72.3mm shares as per Wall Street Research.

## Valuation Observations

### Grupo Mexico's Perspective

Pro-forma Share Count @ Different Number of Shares Issued									
Shares Owned by Grupo Mexico (mm)	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3	43.3
Shares Owned by Other Shareholders (mm)	36.7	36.7	36.7	36.7	36.7	36.7	36.7	36.7	36.7
Shares Issued (mm)	72.3	70.0	60.0	50.0	40.0	30.0	20.0	10.0	0.0
Total Shares (mm)	152.3	150.0	140.0	130.0	120.0	110.0	100.0	90.0	80.0
Dividend 2003 (US\$mm)	\$ 45.4	\$ 45.4	\$ 45.4	\$ 45.4	\$ 45.4	\$ 45.4	\$ 45.4	\$ 45.4	\$ 45.4
Dividend per Share (US\$)	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6
Additional Dividend to Grupo Mexico (US\$mm) (1)	\$ 41.0	\$ 39.7	\$ 34.0	\$ 28.3	\$ 22.7	\$ 17.0	\$ 11.3	\$ 5.7	\$ 0.0
Total Dividend (US\$mm)	\$ 86.3	\$ 85.0	\$ 79.4	\$ 73.7	\$ 68.0	\$ 62.4	\$ 56.7	\$ 51.1	\$ 45.4
% GM Ownership Post-Transaction	75.9%	75.6%	73.8%	71.8%	69.5%	67.2%	65.0%	62.8%	60.6%
Implied Equity Value for Minera @ \$40.8/share	\$ 2,946.9	\$ 2,853.2	\$ 2,446.6	\$ 2,036.0	\$ 1,630.4	\$ 1,222.8	\$ 815.2	\$ 407.6	\$ 0.0
Implied Enterprise Value for Minera @ \$40.8/share	\$ 4,212.9	\$ 4,119.2	\$ 3,711.6	\$ 3,304.0	\$ 2,896.4	\$ 2,488.8	\$ 2,081.2	\$ 1,673.6	\$ 1,266.0
2004E EBITDA									
Multiple for SPCC (2)		Implied Multiple for Transaction (3)							
SPCC share (4)	\$ 40.8	10.2 x	10.0 x	9.0 x	8.0 x	7.0 x	6.0 x	5.0 x	4.0 x
	\$ 37.9	9.7 x	9.5 x	8.6 x	7.7 x	6.7 x	5.8 x	4.9 x	4.0 x
	\$ 51.7	12.1 x	11.8 x	10.6 x	9.3 x	8.1 x	7.0 x	6.0 x	5.0 x

Note: Analysis assumes no synergies.

<sup>1</sup> Assumes additional dividends for Grupo Mexico at the same dividend/share ratio as prior to issuing new shares.

<sup>2</sup> Assumes SPCC net debt of US\$9.1mm as per 4Q03 Grupo Mexico filing, and 2004E EBITDA for SPCC of US\$528mm as per Wall Street Equity Research.

<sup>3</sup> Assumes net debt for Minera of US\$1.26mm as per 4Q03 Grupo Mexico filing, and 2004E EBITDA for Minera of US\$413mm as per Wall Street Equity Research.

<sup>4</sup> Prices considered for SPCC are day prior to announcement, lowest price after transaction announcement and 52 week high.

# Pro-Forma Financial Ratios for SPCC of the Proposed Transaction

(US\$ mm)	S&P Credit Rating (1)	Moody's Issuer Rating	Total Debt	Book Value	Market Cap (2)
Southern Peru Copper (3)	CCC+/Stable	N.A.	\$ 357.0	\$ 1,241.4	\$ 3,024.0
SPCC Pro-Forma (4)	N.A.	N.A.	1,679.1	1,904.4	N.A.
Corporación Nacional del Cobre de Chile (5)	(L)CA+/Stable/-	(F)A2/Stable	\$ 2,301.5	\$ 2,826.3	N.A.
Grupo México (6)	B-/Stable	N.A.	3,822.7	2,176.5	3,292.9
Industrias Peñoles (7)	BBB-/Stable/-	N.A.	399.2	891.5	1,751.0
Freeport-McMoRan Copper & Gold (8)	B/Stable/-	B2/Stable	2,507.7	778.0	7,446.2
Phelps Dodge Corp. (9)	BBB-/Stable/A-3	Baa3/Negative	2,086.7	2,830.7	7,983.0
Antofagasta (9)	N.A.	N.A.	1,243.5	1,007.1	4,471.4
(US\$ mm)	EBIT Interest Coverage	EBITDA Interest Coverage	Total Debt / Current	Total Debt / 2004E	Total Debt / Total Cap (Market) (%) (5)
Southern Peru Copper (3)	18.8 x	22.2 x	1.2 x	0.7 x	10.8 %
SPCC Pro-Forma (4)	2.3	3.7	3.5	1.8	N.A.
Corporación Nacional del Cobre de Chile (5)	6.8 x	10.6 x	2.2 x	NA	N.A.
Grupo México (6)	2.1	3.4	6.5	3.2	53.7
Industrias Peñoles (7)	0.4 x	2.3 x	3.4	NA	18.3
Freeport-McMoRan Copper & Gold (8)	4.6	5.8	2.1	2.5	25.2
Phelps Dodge Corp. (9)	0.8	3.5	4.1	2.0	20.9
Antofagasta (9)	6.4	9.8	3.3	1.9	21.8
Pears Average Ratios	3.5 x	5.9 x	3.4 x	2.4 x	28.0 %

1 As of Feb 11 2004. LC=Local currency. FC=Foreign currency. SD>Selective default.  
 2 Market values as of February 27, 2004.  
 3 Financials as of December 2003 except for Book Value as of December 2002.  
 4 SPCC Financials as of December 2003. Minera's financials as of December, 2003 except for Book Value.  
 5 EBITDA, EBIT and Interest Expense based on September 2003 annualized financials. Total Debt and Book Value as of September 2003.  
 6 Financials as of December 2003.  
 7 EBITDA, EBIT and Interest Expense based on September 2003 annualized financials. Total Debt and Book Value as of December 2002.  
 8 EBITDA, EBIT and Interest Expense based on September 2003 LTM financials. Total Debt and Book Value as of September 2002.  
 9 EBITDA, EBIT and Interest Expense based on June 2003 LTM financials. Total Debt and Book Value as of June 2003.





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## **IV. Key Considerations for the Special Committee**

**Key Considerations for the Special Committee 27**

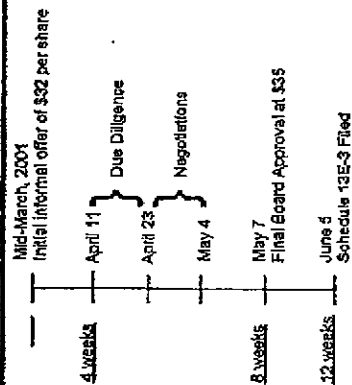
**SP COMM 004415  
A162**

## Preliminary Review of Process/Timetable

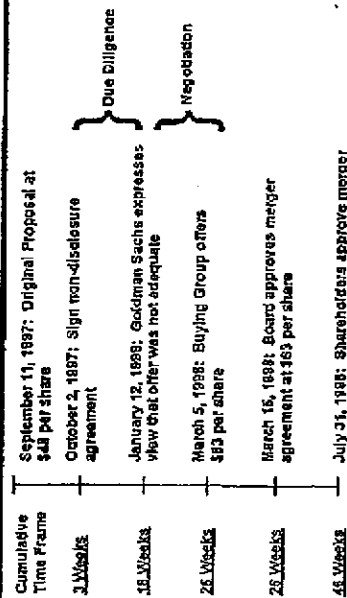
<b>Week 0</b>	<ul style="list-style-type: none"> <li>February 3, 2004 – Proposal by Grupo Mexico is presented to SPCC. No public announcement of details of proposal</li> </ul>
<b>Week 1-3</b>	<ul style="list-style-type: none"> <li>Wall Street Research provides additional details of potential transaction</li> <li>Appointment by the Special Committee of legal, financial and other advisors</li> <li>Understand scope of mandate from Special Committee</li> </ul>
<b>Week 3-6</b>	<ul style="list-style-type: none"> <li>Meet with UBS and Grupo Mexico to understand details of proposal</li> <li>Undertake business and financial due diligence of Minera with Grupo Mexico management and advisors</li> <li>Perform due diligence on SPCC in order to fully understand implications of current proposal and evaluate potential alternatives</li> <li>Legal review of alternatives and requirements</li> <li>Regularly review status and provide direct input to the Special Committee</li> </ul>
<b>Week 6-7</b>	<ul style="list-style-type: none"> <li>Evaluate Grupo Mexico proposal</li> <li>Evaluate potential alternatives based on findings in due diligence</li> <li>Refine financial analysis based on diligence findings and company financial information</li> <li>Special Committee to decide on course of action, tactics and communication with the market</li> </ul>
<b>Week 7-10</b>	<ul style="list-style-type: none"> <li>Pursue, if appropriate, desired alternatives in earnest</li> </ul>
<b>Week 10+</b>	<ul style="list-style-type: none"> <li>Reach milestone/decision point regarding alternatives under consideration</li> <li>Review situation and determine next steps</li> <li>Goldman Sachs and legal counsel to present conclusions formally to the Special Committee</li> <li>Special Committee to present recommendation to the SPCC Board</li> </ul>

# Comparison of Timeline for Selected Minority Interest Buyout Transactions

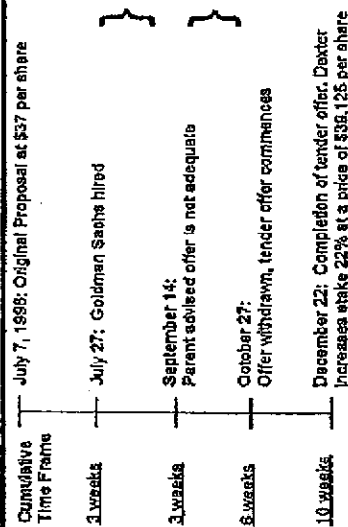
## BancWest



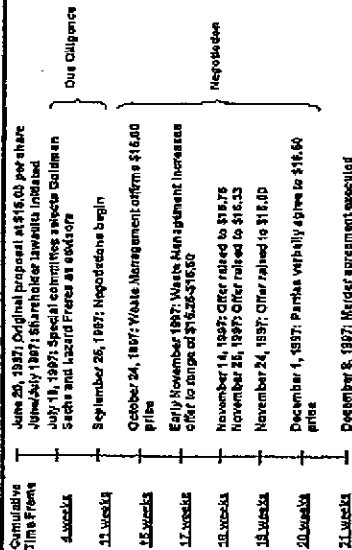
## BET Holdings



## Life Technologies & Dexter Corporation



## Wheelabrator / Waste Management





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## Potential Role of Goldman Sachs

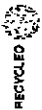
- Assist the Special Committee in its initial response to Grupo Mexico
  - Understand terms and implications of proposal
- Operational Review of SPCC and Minera
  - Assist in conducting due diligence to assist financial analysis
  - Understand objectives, goals and strategy
  - Assess SPCC's relative position (strengths, opportunities, challenges, etc.)
  - Operations review
  - Financial review
- Financial Analysis of SPCC and Minera
  - Review of historical financials and investment performance
  - Analyze forecasts of key financial metrics (revenue, EBITDA, net income)
  - Understand management's outlook for the businesses
  - Review current trends in the mining industry
  - Review public market trading history and comparable transaction analysis
  - Review financial position and balance sheet (investments)
- Facilitate and assist the Special Committee in coordinating due diligence
  - Participate and assist in management meetings
  - Assist in addressing and responding to due diligence inquiries



## Potential Role of Goldman Sachs

(Continued)

- Assist the Special Committee in building the value case with Grupo Mexico and advisors
  - Participate and assist in discussions on value
  - Assist in the communication of value thinking
- As directed by the Special Committee, Goldman Sachs would act as a liaison between the Special Committee and Grupo Mexico (and the advisors)
  - Assist the Special Committee in all correspondence
  - Provide view on tactical aspects and financial considerations in all correspondence/messages
- Analyze the contribution proposal
  - Assessment of both quantitative and qualitative aspects
  - Analysis of financial terms and conditions
- Assist the Special Committee in responses to the proposal(s)
  - Provide view on financial aspects of proposal(s)
  - Provide thoughts on tactical responses and potential alternatives
- Assist the Special Committee in deliberations to move forward or not
  - If Special Committee decides to move forward, assist in negotiating definitive agreements





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## **Appendix A: Additional Information on SPCC**

**Additional Information on SPCC 32**

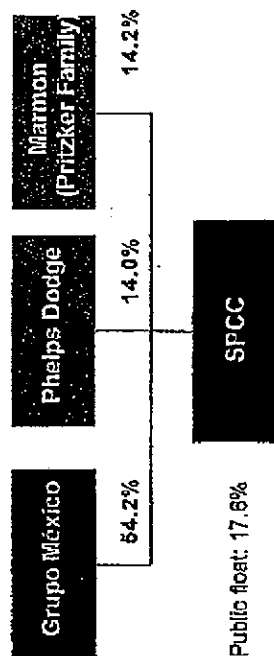
**SP COMM 004421  
A168**

# Southern Peru Copper Company Company Profile

## Overview

- SPCC is an integrated producer of copper, operating mining, smelting and refining facilities in the southern part of Peru
  - SPCC operates the Toquepala and Cuajone mines, high in the Andes, approximately 984 km southeast of Lima. It also operates a smelter and refinery west of the mines at the Pacific Ocean Coast City of Ilo, Peru
  - Mines have large reserves and potential for cost reduction, currently at approximately 60 c/lb
  - Main stockholders of SPCC are Grupo Mexico (54.2%), Cerro Trading Company, a subsidiary of the Marmion Group (14.2%) and Phelps Dodge (14.0%)
- On Mar. 2003, Southern Peru Holdings Corporation, the 54.2% direct stockholder of SPCC and a subsidiary of ASARCO (controlled by Grupo Mexico), sold all its stock in SPCC to Americas Mining Corporation (AMC), the parent of ASARCO and also a subsidiary of Grupo Mexico. Immediately after the transaction, the shares were transferred to SPHC II Incorporated, a subsidiary of AMC, and were pledged to a group of financial institutions

## Ownership Structure



## Summary Financials

US\$ MM	2000	2001	2002	2003
Net Revenues	711	658	665	798.4
EBITDA	227	166	187	292
EBITDA Margin	32%	25%	28%	37%
EBIT	150	89	119	219
Net Income	93	47	61	119
Net Debt	199	183	151	61
Copper Production (000s tons)	751,036	754,563	763,871	826,000

Source: 2003 Annual Report

\* Class A shares were granted to founding shareholders and have 5 votes per share. Class B shares are listed on the NYSE and have 1 vote per share.

## Detailed Ownership Structure<sup>1</sup>

	Class A	Class B	Total	Votes	% Voting	% Econ.
Grupo Mexico	43.3	-	43.3	216.7	63.1%	54.2%
Cerro Trading Company	11.4	-	11.4	56.9	16.6%	14.2%
Phelps Dodge	11.2	-	11.2	55.9	16.3%	14.0%
Common Shares / Float	-	14.1	14.1	14.1	4.1%	17.8%
Total	65.9	14.1	80.0	343.6	100.0%	100.0%

# SPCC Ownership Analysis

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## Overview of Ownership

- SPCC has two classes of stock outstanding: Class A Common Stock, which is entitled to five votes per share, and Class B Common Stock, which is entitled to one vote per share
- Class A common stock was granted to the founding shareholders of SPCC and has super-voting power
- Class B common stock corresponds to the 17.6% public float, listed on the NYSE

## Detailed Ownership Structure

	Class A	Class B	Total	Votes	% Voting	% Econ.
Grupo Mexico	43.3	-	43.3	216.7	63.1%	64.2%
Marrion (Pritzker Family)	11.4	-	11.4	56.9	16.6%	14.2%
Phelps Dodge	11.2	-	11.2	53.9	16.3%	14.0%
Public Float	-	14.1	14.1	14.1	4.1%	17.6%
Total	65.9	14.1	80.0	343.6	100.0%	100.0%

Source: SPCC 10K 2002, 10Q2003 and P18am

## Top 25 Institutional Owners

Institutional Investors	Shares Held	% of Public Float
Barclays Bank Plc	712,500	5.047
Axa Financial, Inc.	667,440	4.728
Emer Mkt Management, L.L.C.	321,500	2.277
Merrill Lynch Inv Managers(Uk)	235,000	1.665
Schneider Capital Mgmt, Lp	220,250	1.56
Lsv Asset Management	199,400	1.412
State Str Corporation	147,648	1.046
College Retire Equities	102,849	0.728
Invesco Capital Mgmt Inc.	94,300	0.668
Vanguard Group, Inc.	94,086	0.665
Legal & General Group Plc	72,800	0.516
Mellon Bank Na	63,768	0.452
Gbl Strat Financial Inc.	55,800	0.395
Northern Trust Corp	52,846	0.373
Jp Morgan Chase & Co	52,500	0.372
Leuthold Weedon Cap Mgmt, Llc	50,850	0.369
Florida State Bd Administratio	50,399	0.357
Manufacturers & Traders Trust	49,700	0.352
Ohio Public Emp Retirement Sys	49,391	0.35
California State Teach Ret Sys	43,127	0.305
State Teach Retirement Sys Oh	41,500	0.294
Deutsche Bk Aktiengesellschaft	37,600	0.266
Capital Intl Inc. (Singapore)	36,550	0.259
Schroder Inv Mgmt Group	31,000	0.22
Wentworth Hauser& Vieich Inc.	25,800	0.183

Exhibit B

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## Appendix B: Public and Private Market Parameters

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# Comparison of Selected Companies

(\$ in millions, except per share data)

Company	Closing Price 02/27/04	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Sales LTM	Enterprise Value Multiples (2)				Calendarized P/E Multiples (2)		5-Year EPS CAGR (2)		LTM Margins (1)	
						EBITDA		EBIT		2004 2005		2004 2005		EBITDA EBIT	
						LTM	2004	LTM	2005	2004	2005	2004	2005	2004	2005
Antioleaga	\$ 22.88	97 %	\$ 4,471	\$ 5,413	6.9 x	14.2 x	8.4	7.9	5.3	37.2	13.4	NA	NA	41.5 %	27.3 %
Freeport-McMoran (3)	42.65	92	7,446	9,426	4.0	7.7	9.8	5.3	7.1	11.9	10.3	NA	NA	52.0	40.6
Phelps Dodge	86.28	100	7,883	9,841	2.5	18.9	9.6	7.1	4.7	11.9	10.3	NA	NA	19.2	2.6
Southern Peru Copper (4)	37.60	75	3,025	3,086	3.9	10.6	5.9	4.7	4.3	28.6	28.6	NA	NA	37.0	27.8
Grupo Mexico	3.81	97	3,293	6,651	2.8	9.5	5.5	4.3	4.3	NA	NA	(5.9)	(5.9)	27.7	16.7
<hr/>															
High		100 %	\$ 7,983	\$ 9,641	5.9 x	18.9 x	9.6 x	7.9 x	7.9 x	37.2 x	28.6 x	27.5 x	27.5 x	62.0 %	40.6 %
Mean		91 %	\$ 6,244	\$ 6,823	3.8 x	12.2 x	7.8 x	5.8 x	5.8 x	26.9 x	17.5 x	10.8 x	10.8 x	34.3 %	23.0 %
Median		95 %	\$ 4,471	\$ 6,551	3.9 x	10.6 x	8.4 x	5.3 x	5.3 x	14.1 x	28.6 x	13.4 x	10.8 x	37.0 %	27.3 %
Low		75 %	\$ 3,025	\$ 3,086	2.5 x	7.7 x	5.5 x	4.3 x	4.3 x	11.9 x	10.3 x	(5.9) %	(5.9) %	13.2 %	2.6 %

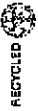
(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.  
 (2) Source: LTM numbers are based upon the latest publicly available financial statements. All projected sales, EBITDA, EBIT, and EPS estimates are based upon the latest publicly available financial statements. All projected sales, EBITDA, EBIT, and EPS estimates are based upon the latest publicly available financial statements.  
 (3) Not pro forma for acquisition of PT Freeport-McMoran. Pro forma for acquisition of PT Freeport-McMoran. Pro forma for acquisition of PT Freeport-McMoran.  
 (4) Source: Includes both common stock and class A common stock.



# Comparison of Selected Transactions

Date Announced	Bidder	Target	Commodity	Size (US\$bn)	EV/EBITDA (x)
2/15/2001	Anglo consortium	De Beers	Diamonds	18.5	15.3
3/19/2001	BHP	Billion	Diversified	15.5	10.4
3/17/2000	Alcan	Algroup	Aluminum	6.1	8.7
8/18/1999	Alcoa	Reynolds	Aluminum	5.0	9.6
7/7/2003	Alcan	Pechiney	Aluminum	5.3	6.3
4/7/2003	Xstrata	MLM	Copper, Coal	3.0	5.5
3/14/2000	Alcoa	Cordant	Aluminum	3.0	7.2
6/22/2000	Rio Tinto	North	Iron Ore	2.8	9.1
1/7/2002	Norsk Hydro	VAW assets	Aluminum	2.8	8.9
11/13/2001	Newmont	Normandy	Gold	2.7	10.7
8/23/1999	Phelps Dodge	Cyrus Amax	Copper	2.6	4.6
9/24/1999	Grupo Mexico	Asarco	Copper	2.6	NM
1/30/2002	Xstrata	Glencore coal	Coal	2.6	NA
11/13/2001	Newmont	Francis Nevada	Gold	2.3	15.8
6/25/2001	Barrick	Homeslake	Gold	2.3	28.0
8/28/2000	Billion	Rio Algom	Copper et al	1.8	12.3
3/29/2002	Xinross	Bako Bay/VX Gold	Gold	1.5	18.2
5/31/2003	CVRD	Casmir/Ardeno	Iron Ore	1.5	NA
5/2/2002	Anglo American	Disputada et al	Diversified	1.4	5.3
5/1/2001	Teck	Comibco	Zinc	1.4	7.6
5/27/2002	Placer Dome	AudenGold	Gold	1.2	11.8
10/31/2003	Anglo Platinum	Kumba Resources	Iron Ore, Coal	1.0	8.1
07/30/2001	Falconbridge	Lomas Bayas Mine	Copper	0.2	NA
					High
					Mean
					Median
					Base Metals Median
					Low
					28.0
					10.6
					9.1
					7.4
					4.6

Exhibit C



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## **Appendix C: Additional Goldman Sachs Credentials**

**Additional Goldman Sachs Credentials 38**

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A176**




# Unparalleled Mexican Footprint

## Selected M&A Transactions

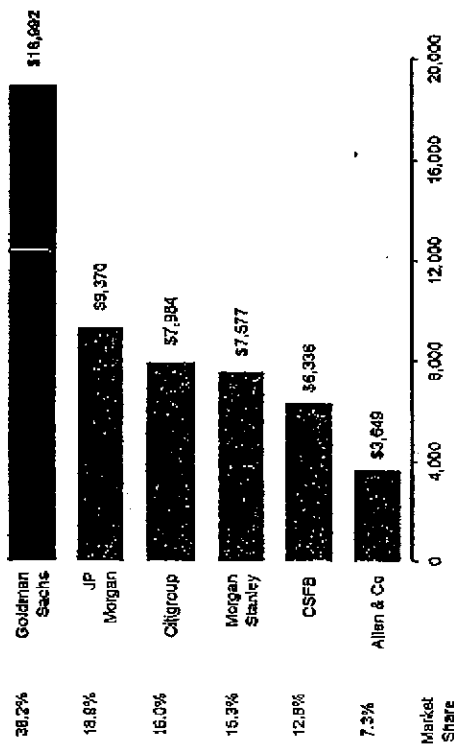
- Advised the independent committee of the board of directors of BBVA Bancomer in connection with their response to the outstanding offer from BBVA to purchase the remaining 40.6% stake in BBVA Bancomer
- Advised Grupo Afe in its recent spin-off of Hylsamex (January 2004)
- Advised Telmex in its purchase of AT&T Latin America in October 2003
- Advised Grupo Bimbo in the acquisition of a minority stake in Compania de Alimentos Fargo, an Argentine leading bakery company in July 2003
- Advised Auchan in the sale of its Mexican stores to local food retailer Comercial Mexicana in February 2003
- Advised Grupo Financiero Santander Serfin, an investment holding company and a majority owned unit of Santander Central Hispano (SCH), in its sale of 24.9% stake to Bank of America Corp for US\$1.6 billion in cash, in a privately negotiated transaction in December, 2002
- Advised CEMEX in the acquisition of Trinidad Cement Ltd, a Trinidad & Tobago state majority-owned cement manufacturer, for US\$413 million in June, 2002
- Advised CEMEX in the acquisition of all outstanding shares of Puerto Rican Cement Company (PRCC) valued at US\$230 million in June, 2002
- Advised America Movil SA de CV (AMSA) to raise its interest to 81.3% from 42.2% in Telecom Americas Ltd. (TAL), a provider of telecommunications services, by acquiring a stake from Bell Canada International Inc (BCI), its joint venture partner, for US\$2.27 billion in June, 2002
- Advised Whirlpool Corp. in the acquisition of the remaining 51% interest, which it did not already own, in Vitromatic SA de CV, a manufacturer and wholesaler of domestic appliances, from its joint venture partner Vitro SA de CV, for US\$313 million in February 2002
- Advised Grupo Bimbo SA de CV in the acquisition of 5 bakery plants located in the US from George Weston Ltd, a manufacturer of breads, biscuits, meat products, and cakes, for \$510 million in January 2002
- Advised ING Group in its acquisition of 46.2% stake in Seguros Comercial America from Savia SA for \$781 million in June 2001
- Advised Grupo Financiero Banamex Actual SA de CV (Banacol), a provider of financial services, in its sale of all its ordinary share capital to Citigroup Inc. for a total value of US\$12.3 billion in May 2001

<sup>1</sup> Excludes self-advised deals by SSB for US\$13.7 billion (Citigroup's acquisition of Banamex for US\$12.3 billion and Citigroup's acquisition of Aegion's 45% ownership in Alore Banamex for US\$1.2 billion).

## Landmark Mexican Transactions

 <p>US\$12.4 billion</p> <p>In its sale to</p> <p><b>Citi</b></p> <p>Financial Advisor</p> <p>May 2001</p>	 <p>US\$2.6 billion</p> <p>In its sale of its Mexican cellular telecommunication services providers to Telefonos S.A.</p> <p>Sole Financial Advisor</p> <p>October 2000</p>	 <p>US\$1.2 billion</p> <p>In its acquisition of a majority interest in Cima through merger and liquidation</p> <p>Financial Advisor</p> <p>August 1997</p>
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## Mexican M&A Volume in USD MM (2001 - 2003)<sup>1</sup>





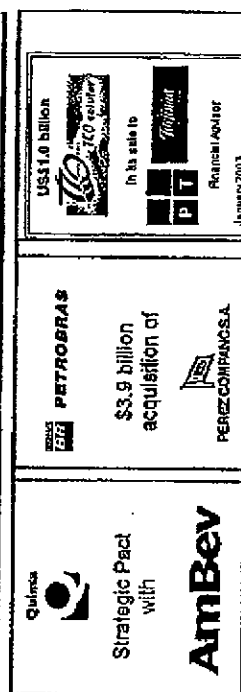
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# Unparalleled Brazilian Footprint

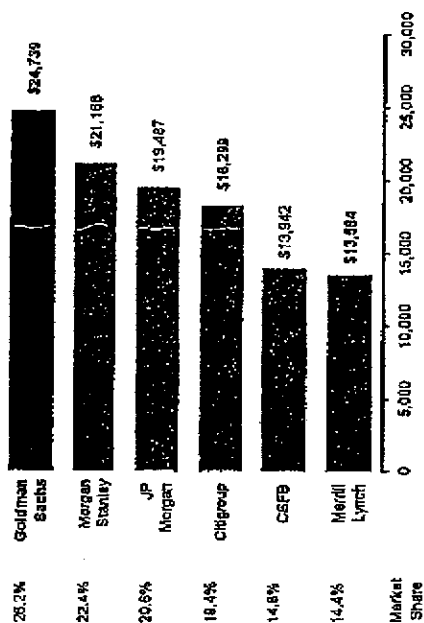
## Selected M&A Transactions

- Advised Banco Ziegler in its sale to Bradesco for US\$225mm in November 2003
- Advised Araucaria, Brazil's largest pulp and paper company, in the acquisition of Riccel for US\$610mm in July 2003
- Advised Quilmes Industrial S.A. (Quilmes) in its sale of a 37.5% stake to Cia da Bebidas das Americas (AmBev) for US\$348.38 million paid in cash, in a privately negotiated transaction. Concurrently, Quilmes agreed to acquire various assets from AmBev in exchange of 28.4 million of Quilmes's ordinary shares for a total value of US\$303.6 million in May 2002
- In July 2002, GS acted as exclusive advisor to Petróbras in its acquisition of 56.6% controlling interest in Perez Compania S.A. The consideration paid consisted respectively US\$689.2mm in cash and US\$338.4mm in Notes
- Tele Centro Oeste Participações' controlling shareholders in the sale of their stake to Telesp Celular Participações for US\$424.9mm
- Tele Norte Leste Participações in its successful tender for minorities of 15 operating companies
- Portugal Telecom in its tender for minorities of Telesp Celular Participações for US\$2.5 billion
- Advisor to Clorox in its proposed acquisition of Bombill
- Tele Norte Leste Participações in the acquisition of a PCS license in February 2001 for US\$550 million
- Telefonica in its tender for the minorities of Telesp and Tele Sudeste Celular in January 2000 for US\$13 billion
- Quaker Oats Co in its acquisition of Adria Produtos Alimentícios's assets in November 1998
- Advised UGB in its successful acquisition of TeleNorte Celular Participações and Tele Celular Sul Participações in the privatization of Telesp in July 1998.
- Unilever in the acquisition of 100% of Kibon for US\$930 million from Philip Morris in October 1997
- Caixa Seguros in the sale of its control stake to CNP Assurances in 2001 for US\$650 million
- Global Telecom in its sale to Telesp Celular Participações in January 2001 for \$1.2 billion
- Maxtel in its sale of a 36% stake to Telecom Italia in 2001
- State of Minas Gerais in the privatization of Banco do Estado de Minas (BEMGE)

## Landmark Brazilian Transactions



## Brazilian M&A Volume (2000 - 2003)

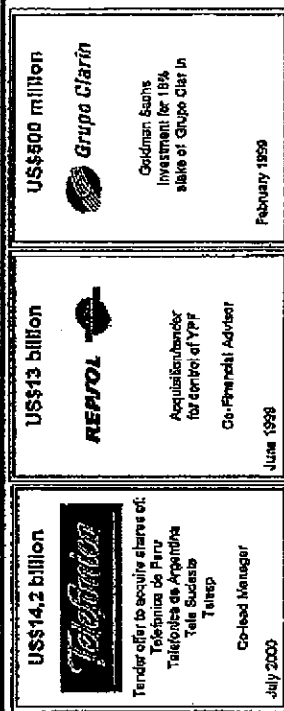


# Unparalleled Argentine Footprint

## Selected M&A Transactions

- Advised France Telecom in the restructuring of its holdings in Argentina and ultimate sale to Telecom Italia in December 2003
- Advised Quilmes Industrial S.A. (Quilmes) in its sale of a 37.5% stake to Cia de Bebidas das Americas (AmBev) for US\$345.38 million paid in cash, in a privately negotiated transaction. Concurrently, Quilmes agreed to acquire various assets from AmBev in exchange of 28.4 million of Quilmes's ordinary shares for a total value of US\$303.6 million in May 2002
- Acted as exclusive advisor to Petrobras in its acquisition of 58.6% controlling interest in Perez Compania S.A. The consideration paid consisted respectively US\$699.2mm in cash and US\$338.4mm in Notes to be issued to Petrobras
- Advised Telefonica S.A. in the acquisition of the remaining shares outstanding not already owned of Telefonica de Argentina for 3.2 billion as part of the \$14.2 global tender offering for four of its Latin American subsidiaries (Brazil, Argentina and Peru)
- Advised Telefonica S.A. in the sale of its 36% share in Cablevision S.A. to Hicks, Muse, Tate & Furst for \$940 million in January 2000
- Advised on the \$500mm acquisition of 18% of Grupo Clarin by a consortia of Private Equity Investors led by Goldman Sachs in December 1999
- Advised Repsol in its \$13 billion acquisition of the remaining outstanding shares of Yacimientos Petroliferos Fiscales (YPF) that it did not already own in June 1999
- Advised Repsol in its successful bid for 15% of Yacimientos Petroliferos Fiscales (YPF) shares sold by the Government of Argentina for \$2 billion in January 1999
- Financial advisor to Fiat on its \$500 million greenfield investment and its spin-off from SEVEL Argentina between 1994 and 1995
- Acted as exclusive financial advisor to the Argentine government in the privatization of Gas del Estado, the state-owned natural gas distribution and transmission company in 1992. Simultaneously sold majority interests in 10 businesses valued at approximately \$4 billion

## Landmark Argentine Transactions



## Argentine M&A Volume (2000 - 2003)

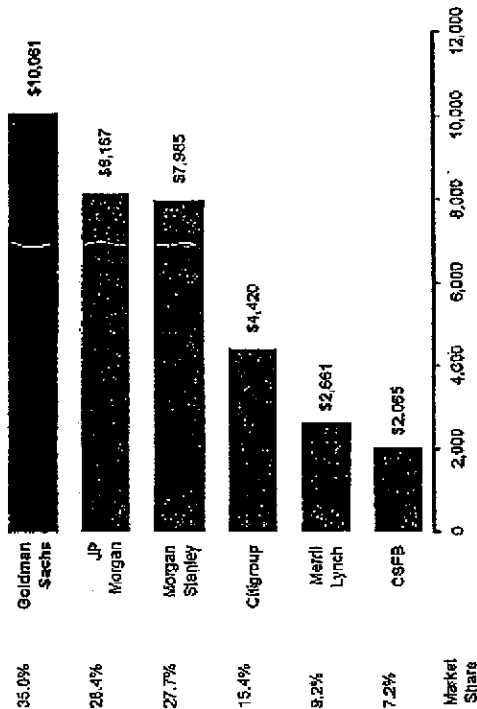
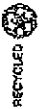


Exhibit D



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**SP COMM 004433**  
**A180**



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## **Appendix D: Special Committee Situations**

**Special Committee Situations 42**

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A181**



# Selected Transactions in Which Goldman Sachs Has Advised a Special Committee

	Client	Primary Industry	Project Type
2003	UnitedGlobalCom Europe	Media	Minority Interest Advisory
	Allied Waste	Industrial	Exchange of Preferred Stock for Common Stock
	Revlon, Inc.	Consumer	Other Advisory Assignment
	Telecom Italia	Telecom	Minority Interest Advisory
2002	Dole Food Co., Inc.	Consumer	Exclusive Seller
	Phillips Petroleum	Oil & Gas	Merger of Equals
	Reader's Digest Association	Media	Recapitalization
	BancWest	Banking	Exclusive Seller
2001	Howmet International Inc.	Machinery	Other Advisory Assignment
	Times Mirror Company	Media	Exclusive Seller
2000	Warner-Lambert Company	Pharmaceuticals	Raid Defense
	Amway Asia Pacific Ltd.	Retail	Other Advisory Assignment
	Big Flower Holdings	Publishing	Exclusive Seller / Management Buyout
	Burnham Pacific Properties	REIT	Raid Defense
	EOG Resources (Enron Corp.)	Oil & Gas Exploration	Divestiture
	Life Technologies	Biotechnology	Raid Defense
	Medtronic Inc.	Healthcare	Other Advisory Assignment
	Pacific Retail Trust	REIT	Other Advisory Assignment
	Sunstone Hotel Investors	REIT	Management Buyout
	Wausau Insurance Cos.	Insurance	Divestiture
	BET Holdings, Inc.	Media	Minority Interest Advisory
	Capstar Broadcasting Corp.	Media	Other Advisory Assignment
	Fine, Inc.	Oil Refining & Marketing	Minority Interest Advisory
	Security Capital Pacific Trust	REIT	Other Advisory Assignment
	Wheelabrator Technologies Inc.	Environmental Services	Minority Interest Advisory

## Selected Transactions in Which Goldman Sachs Has Advised a Special Committee

	Client	Primary Industry	Project Type
1997	Melamine Chemicals	Chemicals	Exclusive Seller
	Petrolite Corporation	Chemicals & Allied Products	Exclusive Seller
	Rhone-Poulenc Rorer Inc.	Pharmaceuticals	Minority Interest Advisory
	Tylan General, Inc.	Instruments & Controls	Raid Defense
1996	AT&T Capital Corporation	Financial Services	Exclusive Seller
	Fourth Financial Corp.	Banking	Exclusive Seller
	General Growth Properties Inc.	Real Estate	Other Advisory Assignment
	Riverwood International Corp.	Paper Packaging	Exclusive Seller
	Security Capital Pacific Trust	REIT	Other Advisory Assignment
	Vista Properties	Real Estate	Other Advisory Assignment
1995	Alexander's Inc.	Retailing	Minority Interest Advisory
	BIC Corp.	Consumer Products	Minority Interest Advisory
	Goody's Family Clothing Inc.	Retailing	Anti-Raid Advisory
	Hayes Wheel International	Auto / Truck Parts	Raid Defense/Minority Int. Advisory
	Roto Rooter Inc.	Consumer Services	Minority Interest Advisory
1994	Jones Spacelink Ltd.	Media	Minority Interest Advisory
	Katy Industries Inc.	Industrial Machinery	Raid Defense
	Parollita Corp.	Chemicals	Restructuring
1993	La Petite Academy Inc.	Day Care Services	Exclusive Seller
	United Investors Management Co.	Insurance	Minority Interest Advisory
1992	American Maize Products Co.	Commodities	Other Advisory Assignment
	Cablevision Systems Corp.	Media	Other Advisory Assignment
	Environmental Systems Co.	Waste Disposal	Raid Defense
	Grace Energy Corporation	Oilfield Drilling	Sale of Minority Interest
	J & L Specialty Steel Inc.	Specialty Steel	Exclusive Seller

Exhibit E



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## **Appendix E: Metals and Mining Outlook**

**Metals and Mining Outlook 45**

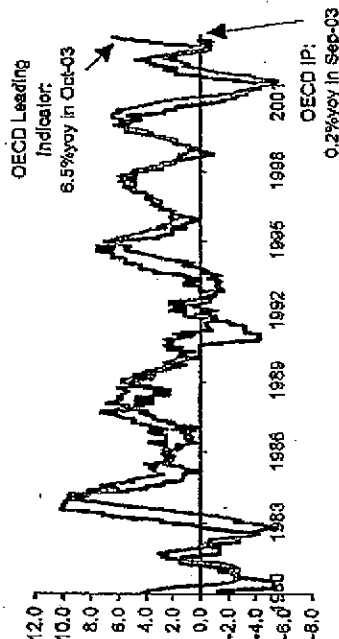
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# Economic Update

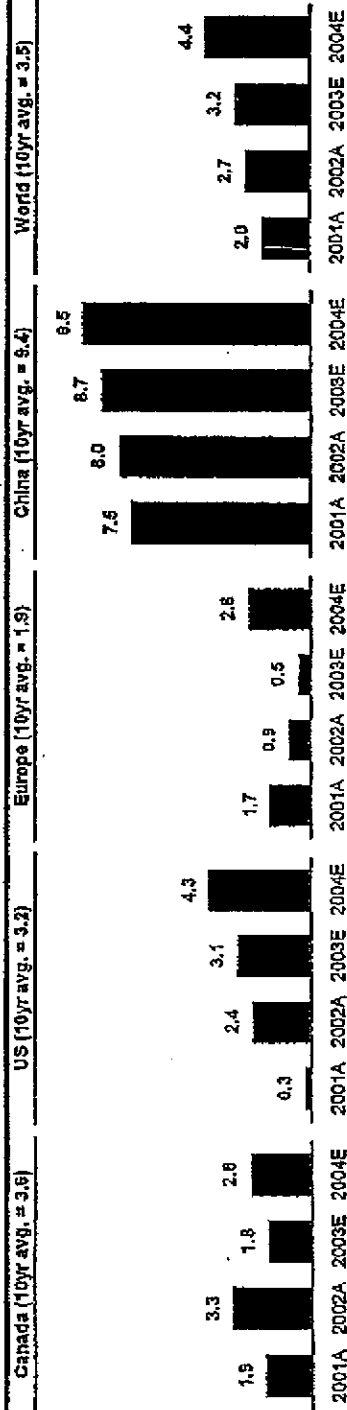
OECD Leading Indicator (% Change)



## GS Research Comments

- We have upgraded our Metals & Mining Industry coverage view to Attractive from Neutral for three reasons: (1) an increase in our global metals demand outlook that incorporates Goldman Sachs' economists' views of an acceleration in China's economic growth in 2004; (2) new data from our eight-day visit to China which turned us more positive on demand-supply fundamentals; and (3) global mine capacity constraints that are unlikely to be resolved over the next 12-18 months
- On November 17, Goldman Sachs' economics team raised its forecasts for China's 2004 GDP growth to 9.5% from 8.4% and pointed out probable upside risks to the upgraded estimates. This forecast is for an out-of-consensus view of an accelerating Chinese economy due to a consumption-led recovery
- We believe that the base metal sector is among those that would benefit the most from our above-consensus view of Chinese economic growth in 2004. China has become the world's largest metal-consuming country, representing approximately 20% of global metal demand
- We believe the impact of this demand should be positive for all base metals; however, aluminum and nickel are the metals most leveraged to consumer spending

Goldman Sachs Research GDP Growth Forecasts (%)



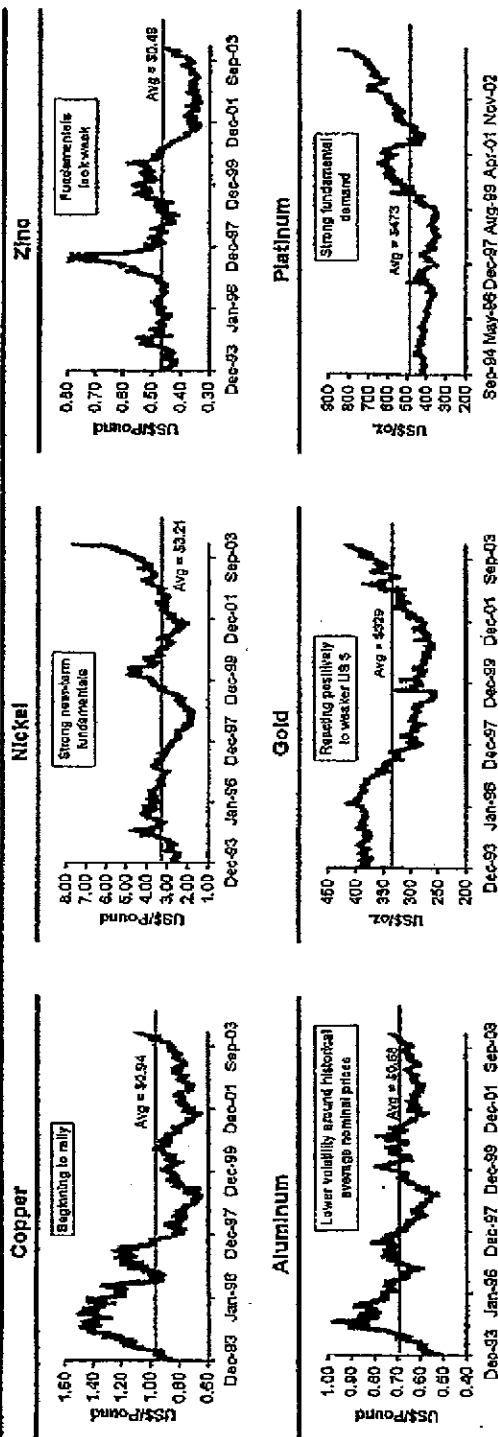
Sources: GS Research, OECD as of December 2003

# Commodity Price Update

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	Unit	Historical Averages					Outlook (Average for Year)		
		10 Year	5 Year	3 Year	1 Year	Current	2004E	2005E	Long Term
Copper	US\$/lb	0.94	0.81	0.80	0.85	1.29	1.10	1.30	0.85
Nickel	US\$/lb	3.21	3.37	3.40	4.39	7.38	5.73	6.50	3.00
Zinc	US\$/lb	0.48	0.43	0.38	0.38	53.3	0.44	0.47	0.47
Aluminum	US\$/lb	0.68	0.65	0.64	0.65	0.82	0.72	0.77	0.69
Gold	US\$/oz	329	301	315	364	410	420	400	350
Platinum	US\$/oz	473	537	588	693	849	719	650	-

## Historical Commodity Prices



Source: Wall Street Research estimates, London Metal Exchange  
Note: Metal prices as of February 12, 2004.

# Current Metals & Mining Environment and Trends

- Metals & Mining industry has dramatically consolidated in the last 5 years
  - Sectors such as copper and gold remain relatively fragmented
  - Certain other sectors such as Iron ore are basically fully consolidated
  - Few meaningful consolidation opportunities remain in other sectors such as aluminum, platinum, diamonds, etc.
- M&A activity will continue, albeit at a much slower pace than in recent past
  - Scope for further consolidation in copper and gold
  - Transformational mega-mergers are less likely to occur
  - Scarcity of available and high quality truly strategic transactions in the \$3 billion plus range
  - Some activity in the US\$1 billion to US\$3 billion range; however, large deals will be fewer in number
  - Portfolio rationalizing to upgrade the asset base will continue to be important
- Migration of minerals development opportunities to "frontier" areas - Russia, China, Central and Southern Africa
  - Higher risk return propositions
  - Risks associated with larger projects may need to be shared through a joint approach (JVs)
- Importance of China rising across metals
  - Large consumer of steel, copper, nickel, aluminum and many other metals
  - Increasing and improving production capabilities across metals
- Equity markets are changing
  - Less focus on "pure-play" metal exposure (Gold and PGMs are an exception)
  - Size and liquidity are important to investors
  - Decreasing number of investment opportunities
- Valuation based on track record, growth, portfolio quality and management
  - Highly structured transactions as opposed to plain vanilla M&A likely to be the predominant strategic force in the next five years
  - Joint ventures
  - Marketing alliances
  - Asset swaps
  - Exploration alliances

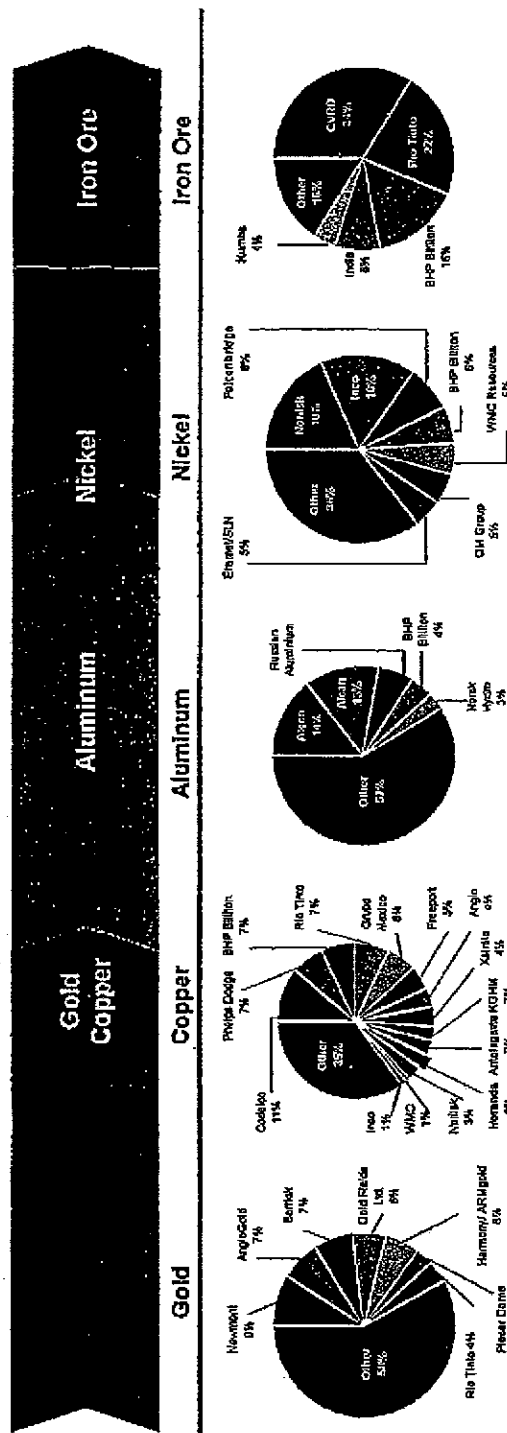
source: GS Research



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# Progress of Consolidation in the Metals & Mining Industry

Characteristics	"Fragmented"	"Semi-Consolidated"	"Fully Consolidated"
	<ul style="list-style-type: none"><li>■ Many small players</li><li>■ Lack of clear market leaders</li><li>■ Large number of small transactions</li></ul>	<ul style="list-style-type: none"><li>■ Increasing scarcity of options</li><li>■ Race to achieve optimal scale</li><li>■ Transactions may be fewer in number but of significant size</li></ul>	<ul style="list-style-type: none"><li>■ Limited additional scope for consolidation</li><li>■ M&amp;A activity increasingly consists of portfolio asset swaps</li></ul>



Source: AME, Street Research



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# Preliminary Phase One Timetable

## Main Tasks to be Performed

March 2004							April 2004							May 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3							
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22
28	29	30	31				25	26	27	28	29	30		23	24	25	26	27	28	29

Week 0 (February 3, 2004)

- February 3, 2004 – Proposal by Grupo Mexico is presented to SPCC. No public announcement of details of proposal

Week of February 9- February 23

- Well Street Research provides additional details on potential transaction
- Appointment by the Special Committee of legal and financial advisors
- Advisors to understand scope of mandate from Special Committee and form of presentation of advisors' conclusions

Week of March 1

- Organizational meeting with Special Committee to discuss process and next steps.
  - Discussion of agenda
  - Determine additional advisors to add to team (mining consultant, local counsel, other?)
- Approach with UBS representatives to understand details of proposal:
  - Solicit term sheet of proposal
  - Discuss due diligence requirements and tentative dates for data room and management presentations. Site visits may also be required by mining consultants
  - Assess time required to put together information needed on both entities to commence due diligence
- Develop due diligence lists for SPCC, Minera Mexico and Grupo Mexico other affiliates
- Discuss press release to be issued if appropriate
- Report back to Committee on discussion with advisors and any additional relevant topics from meeting between advisors

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# Preliminary Phase One Timetable

Main Tasks to be Performed

March 2004							April 2004							May 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6														
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22
28	29	30	31				25	26	27	28	29	30		23	24	25	26	27	28	29
														30	31					

Weeks of March 8-March 29  
(subject to availability of  
information for due diligence)

- Discuss logistics for data room and determine dates for management presentations
- Undertake business and financial due diligence of Minera with Grupo Mexico management and advisors:
  - Establishment of data rooms for both SPCC and Minera Mexico and other Grupo Mexico affiliates
  - Management presentations to be delivered on description of properties and historical and future performance
- Perform due diligence on SPCC in order to fully understand implications of current proposal
- Commence financial analysis of proposal based on information being provided in due diligence
- Legal review of alternatives and requirements
- Regularly review status and provide direct input to the Special Committee

Weeks of April 5- 19  
(subject to completion  
of due diligence)

- Finalize financial analysis materials and analysis regarding proposal by Grupo Mexico based on due diligence findings
- Goldman Sachs and Latham to present conclusions formally to the Special Committee
- Special Committee to present recommendation to the SPCC Board on whether to proceed to next phase of negotiations
- Special Committee to decide on course of action after feedback from Board



**From:** Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>  
**Sent:** Wednesday, March 3, 2004 2:23 PM (GMT)  
**To:** hshandel@pritzkerorg.com; gperezalonso@infosel.net.mx; cruizs@prodigyweb.net.m  
**Cc:** charles.nathan@lw.com; john.sorkin@lw.com; Sanchez, Martin  
<martin.sanchez@gs.com>; Werner, Martin <Martin.Werner@gs.com>  
**Subject:** GS Engagement Letter  
**Attach:** SPCC Engagement Letter March 2 Clean.doc

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As agreed yesterday, please find attached the Engagement Letter between SPCC and GS.

cheers,

eg

<<SPCC Engagement Letter March 2 Clean.doc>>

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Goldman, Sachs & Co.  
85 Broad St. 20th Floor | New York, NY 10004  
Tel: 212-902-4057 | Fax: 212-902-3000  
E-mail: eugenio.garzaygarza@gs.com

Goldman

Eugenio Garza y Garza                      Sachs  
Vice President  
Investment Banking Division

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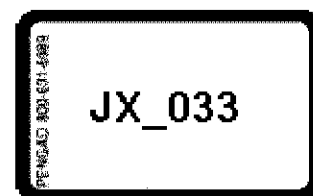
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**PERSONAL AND CONFIDENTIAL**

March 2, 2004

Independent Directors Committee of the Board of Directors  
Southern Peru Copper Corporation  
2575 East Camelback Road, Suite 500  
Phoenix, AZ 85016

Dear Sirs:

We are pleased to confirm the arrangements under which Goldman, Sachs & Co. ("Goldman Sachs") is exclusively engaged by the Independent Directors Committee of the Board of Directors (the "Committee") of Southern Peru Copper Corporation (the "Company") as financial advisor to assist the Committee in its analysis and consideration of the proposed acquisition by the Company of 99% of the common shares in Minera Mexico, S.A. de C.V. ("MM") from Grupo Mexico, S.A. de C.V. ("Grupo Mexico"), the controlling shareholder of the Company (the "Proposal"). At your request, and at no additional cost, we will undertake an analysis to enable us to deliver one or more reports to the Committee with respect to the Proposal. If requested, our report(s) will be in written form and will be accompanied by an opinion as to the fairness, from a financial point of view, of the consideration to be paid by the Company in connection with the Proposal. The nature, scope and form of our investigation as well as the scope, form and substance of our report(s) and/or opinion(s) shall be such as we consider appropriate.

In connection with this engagement, the Company agrees to pay to us a fee (the "Phase I Fee") of \$600,000, payable to us in cash on the date (the "Phase I Payment Date"), which is the date which is two months following the earlier of the Commencement Date and March 15, 2004 (the "Phase I Period"). For purposes hereof, "Commencement Date" means the date on which the Company advises us that Grupo Mexico has made available the materials to enable the Company (assisted by its advisors) to commence a due diligence investigation with respect to the Proposal. If the Committee has not terminated our engagement on or prior to the Phase I Payment Date, the Company agrees to pay to us fees of \$400,000 per month (the "Retainer"), payable in cash on the one-month anniversary of the Phase I Payment Date and again on the two-month anniversary of the Phase I Payment Date; provided that the second \$400,000 payment shall not be payable if the engagement has been terminated on or prior to the one-month anniversary of the Phase I Payment Date. If the Committee has not terminated our engagement on or prior to the two-month anniversary of the Phase I Payment

Date , the Committee and Goldman Sachs will determine a mutually agreeable monthly fee for any services to be performed after such date.

You also agree to reimburse us periodically, upon request, and upon consummation of the transaction or transactions contemplated hereby or upon termination of our services pursuant to this agreement, for our reasonable expenses, including the fees and disbursements of our attorneys, plus any sales, use or similar taxes (including additions to such taxes, if any) arising in connection with any matter referred to in this letter. Goldman Sachs has notified (and received approval from ) the Committee with respect to the engagement of previously identified counsel, the fees and disbursements of which will be reimbursed pursuant to the immediately preceding sentence. The expenses pursuant to the first sentence in this paragraph, but not including the fees and disbursements of counsel retained, shall not exceed \$75,000 without the prior consent of the Company, such consent not to be unreasonably withheld; provided, however, this sentence shall in no way affect the Company's obligations as set forth in Annex A to this letter. Goldman Sachs shall also notify the Committee if the fees and disbursements of counsel to be reimbursed pursuant to the first sentence of this paragraph incurred in connection with the Phase I Period of this engagement exceed \$30,000; provided, however, this sentence shall in no way affect the Company's obligations as set forth in Annex A to this letter.

In order to coordinate most effectively our efforts to effect a transaction satisfactory to you during the period of our engagement, the Committee, the Company and its management will promptly inform Goldman Sachs of any further discussions concerning, and of any inquiries they may receive with respect to, the Proposal or related matters.

In connection with engagements such as this, it is our firm policy to receive indemnification. The Company agrees to the provisions with respect to our indemnity and other matters set forth in Annex A which is incorporated by reference into this letter. Please note that any written or oral opinion, report or advice provided by Goldman Sachs in connection with our engagement is exclusively for the information of the Committee in connection with its consideration of the Proposal, and any such opinion, report, or advice, as well as the terms of this letter, may not be disclosed to any third party or circulated or referred to publicly without our prior written consent.

As you know, Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates in various activities, including securities trading, investment management, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, Goldman Sachs and its affiliates may actively trade the debt and equity securities (or related derivative securities) of the Company, Grupo Mexico and other companies which may be the subject of the engagement contemplated by this letter for their own account and for the

accounts of their customers and may at any time hold long and short positions in such securities.

Our services may be terminated by you or us at any time with or without cause effective upon receipt of written notice to that effect; provided, however, that we will be entitled to receive the Phase I Fee set forth above, if not previously paid, and the monthly Retainer for any particular month that becomes due prior to such termination (as described above), if not previously paid, in either case immediately upon any such termination..

All payments under this letter shall be made in U.S. dollars and without withholding or deduction of any tax, assessment or other governmental charge (collectively, "Tax") unless required by law; and if the Company shall be required to deduct or withhold any Tax, or if any Tax is required to be paid by Goldman Sachs solely on account of the services performed hereunder, the Company shall pay to Goldman Sachs such additional amounts as shall be required so that the net amount received by Goldman Sachs from the Company after such deduction, withholding or payment shall equal the amounts otherwise due to Goldman Sachs under this letter (the "Gross-up Amounts").

If any goods and services tax, value added tax, consumption tax, sales tax or other similar tax is payable by Goldman Sachs in respect of fees paid or payable to Goldman Sachs for services rendered in connection with this letter (or any portion thereof), Goldman Sachs will add the tax to its invoices and the Company shall pay to Goldman Sachs such tax as set forth in such invoices.

Each of the Committee and the Company agrees that, in connection with any legal suit or proceeding arising with respect to this letter, it shall submit to the jurisdiction of the United States District Court for the Southern District of New York and of any state court located in the City of New York, and agrees to venue in such courts. The Company hereby agrees, that for purposes of the foregoing sentence, a service to the Company at 2575 East Camelback Road, Suite 500, Phoenix, AZ 85016 shall serve as due service to the Company. In respect of any judgment or order given or made for any amount due hereunder that is expressed and paid in a currency (the "judgment currency") other than United States dollars, the Company will indemnify Goldman Sachs against any loss incurred by Goldman Sachs as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which Goldman Sachs is able to purchase United States dollars with the amount of the judgment currency actually received by Goldman Sachs. The foregoing indemnity shall survive any termination of this engagement, shall constitute a separate and independent obligation of the Company and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

Goldman Sachs may, in the performance of its services hereunder, delegate the performance of all or certain of such services as it may select to Goldman Sachs Group y Compañía, S. de R.L. de C.V. or any of its other affiliated entities; provided, however, that no such delegation by Goldman Sachs shall in any respect affect the terms hereof, and Goldman Sachs shall be responsible for any acts or omissions by any of its affiliated entities in the performance of any services delegated hereunder to such entity. In connection therewith, Goldman Sachs may direct, prior to the payment of any amount to be made to it hereunder, including under Annex A, that payment of such amount be made, in whole or in part, to a Goldman Sachs affiliated entity provided, however, that the Company shall only be liable for any Gross-up Amounts that would have been generated had the payment been made directly to Goldman Sachs.

The Company recognizes that, in providing our services pursuant to this letter, we will rely upon and assume the accuracy and completeness of all of the financial, accounting, tax and other information discussed with or reviewed by us for such purposes, and we do not assume responsibility for the accuracy or completeness thereof. Goldman Sachs will have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities of the Company or any other party or to advise or opine on any related solvency issues. It is understood and agreed that Goldman Sachs will act under this letter as an independent contractor with duties solely to the Committee and nothing in this letter or the nature of our services shall be deemed to create a fiduciary or agency relationship between us and the Committee, the Company or its stockholders, employees or creditors. Except as set forth in Annex A hereto, nothing in this letter is intended to confer upon any other person (including stockholders, employees or creditors of the Company) any rights or remedies hereunder or by reason hereof.

Goldman Sachs does not provide accounting, tax or legal advice. The Company is authorized, subject to applicable law, to disclose any and all aspects of this potential transaction that are necessary to support any U.S. federal income tax benefits expected to be claimed with respect to such transaction, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, without Goldman Sachs imposing any limitation of any kind. Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed copy of this letter, which shall become a binding agreement upon our receipt. We are delighted to accept this engagement and look forward to working with you on this assignment.

Very truly yours,

Confirmed:

\_\_\_\_\_  
(GOLDMAN, SACHS & CO.)

SOUTHERN PERU COPPER  
CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



### Annex A

*In the event that Goldman Sachs becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of the Company, in connection with or as a result of either our engagement or any matter referred to in this letter, the Company periodically will reimburse Goldman Sachs for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith. The Company also will indemnify and hold Goldman Sachs harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either our engagement or any matter referred to in this letter, except to the extent that any such loss, claim, damage or liability results from the gross negligence or bad faith of Goldman Sachs in performing the services that are the subject of this letter. If for any reason the foregoing indemnification is unavailable to Goldman Sachs or insufficient to hold it harmless, then the Company shall contribute to the amount paid or payable by Goldman Sachs as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Company and its stockholders on the one hand and Goldman Sachs on the other hand in the matters contemplated by this letter as well as the relative fault of the Company and Goldman Sachs with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Company under this paragraph shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to any affiliate of Goldman Sachs and the partners, directors, agents, employees and controlling persons (if any), as the case may be, of Goldman Sachs and any such affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company, Goldman Sachs, any such affiliate and any such person. The Company also agrees that neither Goldman Sachs nor any of such affiliates, partners, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in right of the Company in connection with or as a result of either our engagement or any matter referred to in this letter except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Company result from the gross negligence or bad faith of Goldman Sachs in performing the services that are the subject of this letter. Prior to entering into any agreement or arrangement with respect to, or effecting, any proposed sale, exchange, dividend or other distribution or liquidation of all or a significant portion of its assets in one or a series of transactions or any significant recapitalization or reclassification of its outstanding securities that does not directly or indirectly provide for the assumption of the obligations of the Company set forth in this Annex A, the Company will notify Goldman Sachs in writing thereof (if not previously so notified) and, if requested by Goldman Sachs, shall arrange in connection therewith alternative means of providing for the obligations of the Company set forth in this paragraph, including the assumption of such obligations by another party, insurance, surety bonds or the creation of an escrow, in each case in an amount and upon terms and conditions reasonably satisfactory to Goldman Sachs. **Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of either our engagement or any matter referred to in this letter is hereby waived by the parties hereto. The provisions of this Annex A shall survive any termination or completion of the engagement provided by this letter agreement, and this letter agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.***

**From:** Riva, Sofia <Sofia.Riva@gs.com>  
**Sent:** Friday, March 19, 2004 9:43 PM (GMT)  
**To:** cruizs@prodigyweb.net.mx; hshandel@pritzkerorg.com; gperezalonso@infosel.net.mx; charles.nathan@lw.com; john.sorkin@lw.com  
**Cc:** Werner, Martin <Martin.Werner@gs.com>; Sanchez, Martin <martin.sanchez@gs.com>; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>; Fernandes, Ana <Ana.Fernandes@gs.com>  
**Subject:** Project Pisco - Weekly update  
**Attach:** 03 Pisco Update - March19041.doc

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Dear all,

Please find attached materials regarding the market performance of SPCC and comparable companies in the copper industry, as well as recent relevant research comments and news.

We will be distributing this information on a weekly basis.

Please let us know if you have any comments/questions.

Best regards,

The GS Team

<<03 Pisco Update - March19041.doc>>

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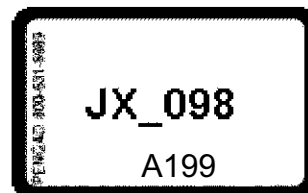
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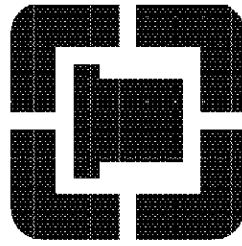
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# Presentation to the Special Committee of



## **SOUTHERN PERU**

**Weekly Market Update**

**Goldman, Sachs & Co.  
March 19, 2004**

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- II. Recently in the News and Research
- Appendix A: Common Stock Comparison

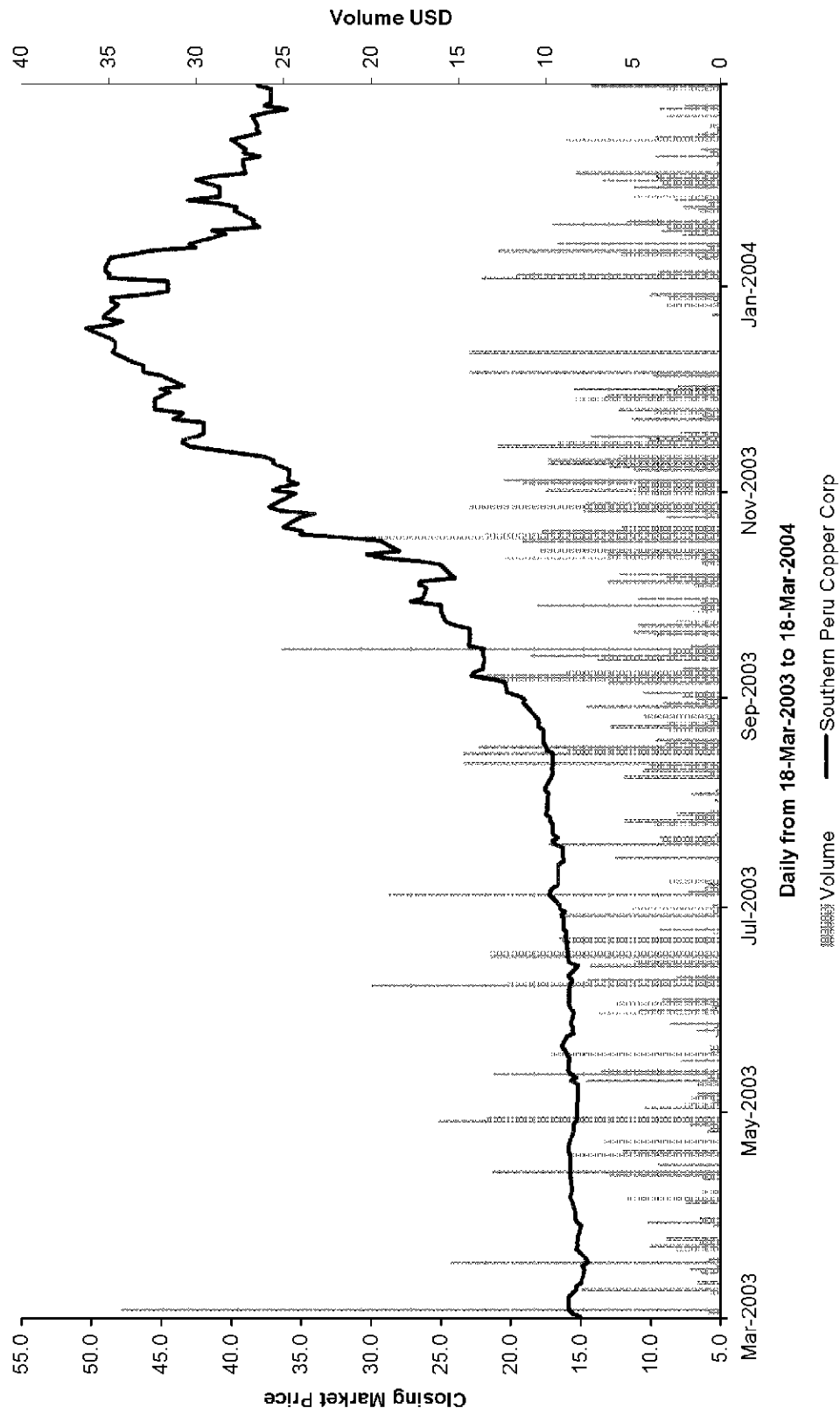
*Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you (and your employees, representatives and other agents) may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, with no limitations imposed by Goldman Sachs.*

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## I. Recent Stock Market Performance

# SPCC Price and Volume Performance

As of March 18, 2004



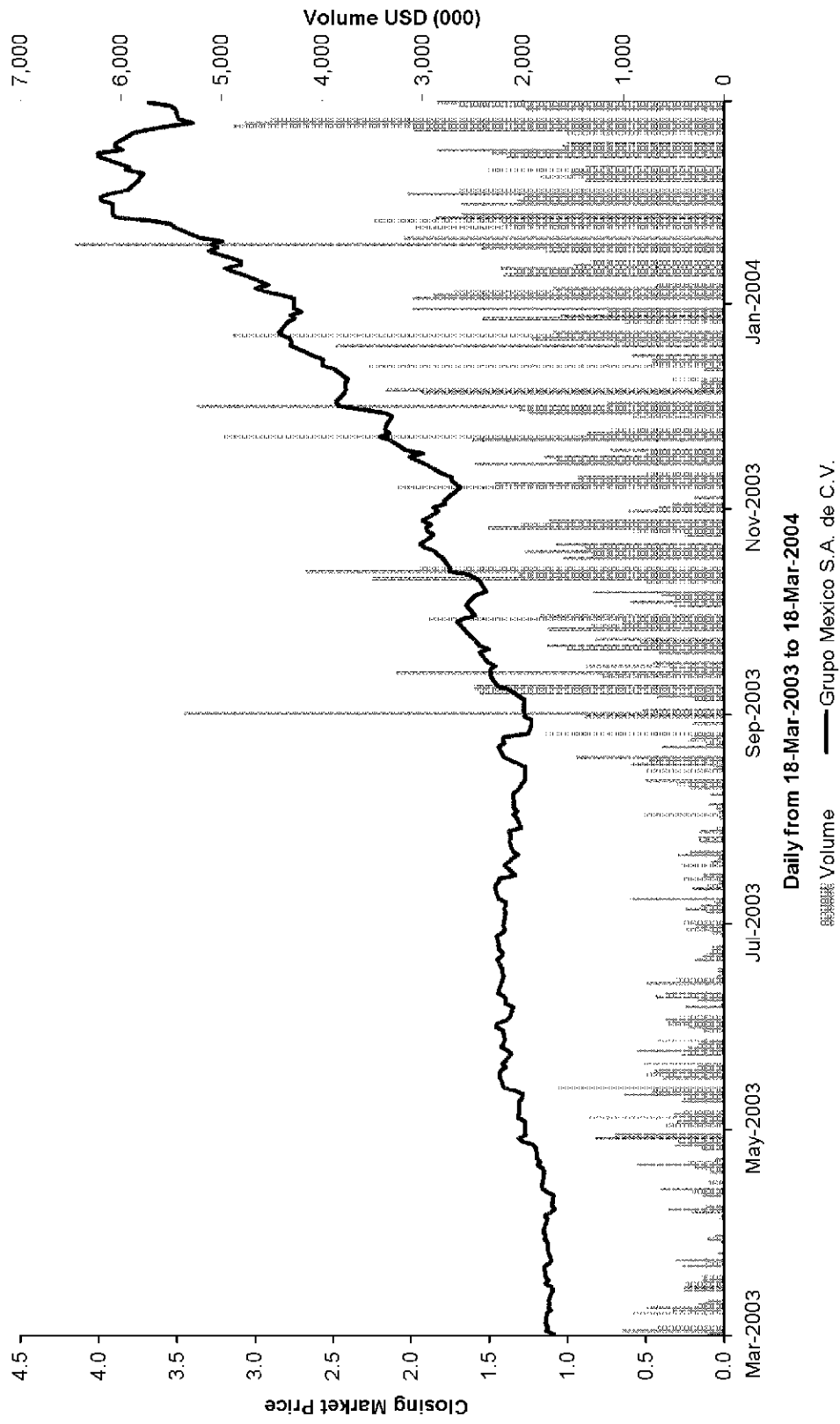
Source: FactSet

Volume — Southern Peru Copper Corp

Daily from 18-Mar-2003 to 18-Mar-2004

# Grupo Mexico Price and Volume Performance

As of March 18, 2004



Source: FactSet

# Copper Players Stock Market Performance

As of March 18, 2004

Company	Stock Price Performance			
	1-year	6-months	3-months	1-month
SPCC	153.2%	119.3%	(15.5)%	(10.3)%
Grupo Mexico	245.6%	185.6%	47.6%	(6.7)%
Antofagasta	70.8%	42.2%	6.1%	(14.3)%
Freeport McMoRan	137.5%	48.2%	(3.6)%	1.7%
Phelps Dodge	148.0%	82.7%	14.3%	2.4%
Mean	151.0%	95.6%	9.8%	(5.4)%
Median	148.0%	82.7%	6.1%	(6.7)%
Copper Prices	81.3%	76.2%	38.2%	2.3%

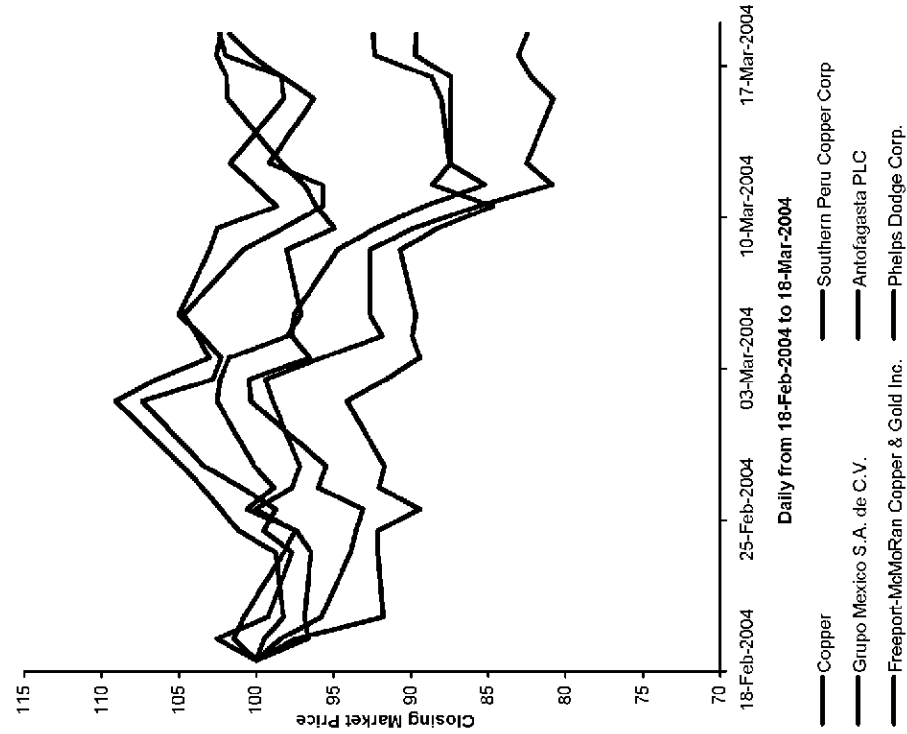
Source: FactSet  
Note: Prices in Local Currencies



# Copper Industry Update

## As of March 18, 2004

Last Month Price Evolution



Source: Factset, Company Filings and Wall Street Research. Prices in USD.

Multiples

Company	Closing Price 3/18/2004	% of 52 Week High	EV/ EBITDA 2004	EV/ EBITDA 2005
SPCC	\$ 38.1	75.6 %	5.6 x	4.5 x
Grupo Mexico	3.7	92.3	5.4	4.2
Antofagasta	19.2	83.5	6.3	6.1
Freeport McMoRan	42.0	90.7	11.8	5.7
Phelps Dodge	84.3	93.9	9.3	4.6

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## **II. Recently in the News and Research**

# Recently in Research

Date	Research House	Research Analyst	Comments <sup>1</sup>
March 8 <sup>th</sup> , 2004	Fitch Ratings	Anita Saha, Joe Bormann, Alberto Moreno	<ul style="list-style-type: none"> <li>■ Fitch Ratings eliminates Negative Outlook for Grupo Mexico and assigns a B- global rating to Grupo               <ul style="list-style-type: none"> <li>— Grupo's rating reflects its high debt level</li> </ul> </li> <li>■ AMC received a B rating, reflecting its high leverage               <ul style="list-style-type: none"> <li>— AMC serves its debt mainly based on dividends paid by SPCC. SPCC is AMC's asset with lowest operational cost and with the strongest financial profile. Also, the largest portion of AMC's debt is guaranteed by its stake in SPCC</li> </ul> </li> <li>■ SPCC was assigned a BB- rating. SPCC's rating is limited by Peru's sovereign ceiling               <ul style="list-style-type: none"> <li>— It is estimated that SPCC will continue generating strong cash flows in 2004, especially given high commodity prices. We estimate that each 1 cent increase in the price of copper reflects in a \$8 mm increase in SPCC's EBITDA</li> </ul> </li> <li>■ Minera Mexico's B rating reflects its high financial leverage</li> <li>■ The possible acquisition of Minera Mexico by SPCC as proposed by Grupo Mexico on February 4<sup>th</sup> has the potential to improve Minera's credit profile, by ameliorating Minera's debt repayment capacity               <ul style="list-style-type: none"> <li>— <u>If the proposed transaction involves cash as well as SPCC assumption of Minera debt by SPCC, SPCC's credit profile would deteriorate considerably</u></li> </ul> </li> </ul>

<sup>1</sup> Originally in Spanish.

# Recently in Research

Date	Research House	Research Analyst	Comments
March 9 <sup>th</sup> , 2004	Bear Sterns - Research on Southern Peru Copper	Daniel Altman, Anthony Rizzuto	<ul style="list-style-type: none"> <li>■ Key motivations for Grupo Mexico include: (a) transferring its overleveraged Mexican assets to the underleveraged SPCC; (b) obtaining a higher valuation for its huge reserve base; (c) improving liquidity – the ability to sell down some of its SPCC stake / collect dividends to reduce debt, while maintaining control; (d) consolidating nearly all of the copper assets under the NYSE listing; and (e) achieving potential cost savings</li> <li>■ The board at SPCC has formed a special group of “disinterested members” with the responsibility to oversee a fairness opinion on both companies. We expect this process to take around three months, after which the proposal will be voted on by the company board. Of terms are not amenable to Grupo Mexico, it will likely drop its proposal</li> <li>■ We foresee that the company valuation discount for minority investors may rise given:               <ul style="list-style-type: none"> <li>— <u>The higher Grupo Mexico influence – given its larger stake and the likely departure of 14% owner Phelps Dodge, which has already pulled its CEO and CFO off the SPCC board and could sell its stake, given its reduced influence and its receipt of more marketable common shares</u></li> <li>— <u>A more complicated company structure ; the potential for additional financial maneuvers; change in investment strategy; share overhang</u></li> </ul> </li> </ul>

# Recently in Research

Date	Research House	Research Analyst	Comments
March 11 <sup>th</sup> , 2004	Morgan Stanley – Research on Grupo Mexico	Andres Perez	<ul style="list-style-type: none"> <li>■ We are becoming more positive on the long-term outlook for copper as even though prices should peak this year, we feel confident that prices should remain at a relatively high level given the tight supply/demand balance</li> <li>■ We are raising our copper price forecast across the board and now expect copper to peak this year at \$1.35/lb; our long-term price also rises, from \$0.90 to \$1.00/lb on expectations of a continued weak dollar and solid long-term demand</li> <li>■ Grupo Mexico should be a major beneficiary of this trend, generating considerable cash flow, given its low production costs and high leverage to copper. Valuation looks attractive at 2.5x peak EV/EBITDA, but given corporate governance issues we remain Equal-weight</li> <li>■ The aim of this potential transaction is reportedly to attain both financial and operational synergies by creating the world's second largest copper miner and better managing debt. However, as Grupo Mexico wants to sell its stake in Minera Mexico to another of its controlled subsidiaries, there is a potential conflict of interest with the minority shareholders. As such, the success of this deal will likely be price sensitive. If we assume Minera Mexico would trade at a similar multiple to its North American peers, the stake could be worth an estimated \$2.5 bn, including debt</li> <li>■ Lower profitability at Minera Mexico suggests a discount may be warranted. While the Minera Mexico mines are of good quality, its profitability has consistently been lower than that of Southern Peru Copper; as of 3Q03 Minera Mexico posted an EBITDA margin of 24.5% versus 37.0% for SPCC. We understand a series of modernization investments are being made at Minera Mexico which should improve its earnings going forward, but we feel it is unlikely it will reach the profitability of SPCC. As such, we feel Minera Mexico should trade at a lower forward multiple than SPCC.</li> </ul>

# Recently in the News

Date	Source	Comment
March 17, 2004	Market News Publishing	<p><b>SOUTHERN PERU COPPER CORP - Southern Peru Copper's EBITDA Hits Seven Year High</b> - CashFlowNews.com reports that EBITDA for Southern Peru Copper Corp (NYSE:PCU) for its quarter ended December 31, 2003 was \$103,920,000, a 114% increase over the year earlier same quarter when Southern Peru Copper generated \$48,636,000 in EBITDA. Southern Peru Copper has generated thirty-two consecutive quarters of positive EBITDA. EBITDA for the most recent quarter also reached a seven year high.</p>
March 17, 2004	Business News Americas	<p><b>CVRD hot for Las Bambas</b> - Brazilian mining giant CVRD (NYSE: RIO) has confirmed its interest in taking part in the upcoming auction of the Las Bambas copper project in southern Peru, according to local news reports. (...) This week, the government expects to approve legislation that allows state investment agency ProInversion to expand the Las Bambas concession area from the current 1,800ha to about 35,000ha, the reports said. The law was passed by congress last week. The Las Bambas auction is expected to take place in the second quarter following approval of the law. So far 14 companies have pre-qualified to participate. Apart from CVRD, these are reported to be BHP Billiton (NYSE: BHP), Rio Tinto (LSE: RIO), Phelps Dodge (NYSE: PD), Anglo American (LSE: AAL), Aur Resources (TSX: AUR), Teck Cominco (TSX: TEK.A), Cambior (TSX: CBJ), Southern Peru Copper Corp (NYSE: PCU), Mexico's Industrias Penoles, Xstrata (LSE: XTA), Barrick Gold (NYSE: ABX), Noranda (NYSE: NRD), and Chile's Antofagasta (LSE: ANTO). Peruvian authorities have estimated that up to US\$2bn may be required to develop the project. Located in Apurimac department, Las Bambas has proven reserves of 40.5Mt grading 2% copper and probable reserves of 500Mt.</p>
March 15, 2004	El Economista	<p><b>Acciones del Grupo México registran caída negativ de 10,02%</b> - Los títulos del tercer productor de cobre en el mundo, Grupo México, finalizaron la semana a la baja contagiados de las fuertes caídas que presentó el índice de Precios y Cotizaciones, al acumular un rendimiento negativo de 10.02 por ciento. Por su parte, Fitch Rating Ratificó la calificación en escala global de "B-" del grupo, que refleja el alto endeudamiento de la empresa que al 31 de diciembre del 2003 ascendió a 3.1 billones de dólares y la retira de observación negativa. Sin embargo, resulta atractivo el rendimiento que acumula en los primeros 3 meses del año de 32.64%, que podría mejorar en el caso de que el precio de los metales, principalmente el cobre se mantengan estables.</p>

# Recently in the News

Date	Source	Comment
March 10, 2004	Press Release (Chemicals)	<b>SPCC president backs Minera Mexico transfer – Mexico, Peru.</b> – Southern Peru Copper Corp is to acquire shares in Minera Mexico from Grupo Mexico (G-Mex). Minera Mexico has debts of \$1.3 bn. SPCC will not be responsible or intervene in these debts, which could be paid off within 3 years at current metals prices. The merger of Minera Mexico and SPCC will create a \$2 bn/y company. SPCC currently has a turnover of \$800 My. SPCC has reserves of 15.2 M tonnes/y and Minera Mexico has reserves of 26 M tonnes/y. Minera Mexico intends to increase production of lead, silver, zinc and molybdenum. Earnings for the merged company would be split between copper (80%), zinc (8%), molybdenum (6%), silver (3%) and other metals (3%). At present copper accounts for 88% of earnings for SPCC. Grupo Mexico owns 54.2% of SPCC, with Cerro Trading Co accounting for 14.2%, Phelps Dodge (14.0%). SPCC operates the Cuajone and Toquepala mines in Peru, and G-Mex operates the Caridad and Cananea mines in Mexico.
March 10, 2004	Platts	<b>Southern Peru Copper Corp merger will not halt investment.</b> – The merger between Minera Mexico and Southern Peru Copper Corp, Peru's largest copper producer, will not halt investment plans in Peru. SPCC CEO Oscar Gonzalez said. SPCC, which is working on an \$306-mil upgrade of its 1.13-mil mt/year Ilo smelter and a \$70-mil heap-leaching operation at the Toquepala open-pit copper mine, will not bear responsibility for Minera Mexico's \$1.3-bil debt, he said. (...) "The idea is to form a globalized industrial company to be on a par with other companies around the world. It's an attractive merger due to the similarities between the two firms." (...)
March 8, 2004	Business News Americas	<b>Fitch retira a G-Mex de observación crediticia</b> –La agencia internacional calificadora de crédito Fitch retiró de observación crediticia negativa al conglomerado minero metalúrgico mexicano Grupo México (G-Mex; BMV: GMEXICOB), ratificando la calificación en moneda extranjera y local B, y asignándole una perspectiva estable. Asimismo, la agencia otorgó a Americas Mining Corp (AMC), filial de G-Mex, una calificación no garantizada senior B. La calificación B de Grupo México refleja el gran apalancamiento de Grupo México, anunció Fitch en un comunicado el lunes (8 de mar.). Fitch también ratificó las calificaciones para las siguientes filiales de G-Mex: Minera México (B en moneda extranjera y local garantizada senior); Southern Peru Copper Corp. (BB en moneda extranjera no garantizada senior); Asarco (CCC para calificación no garantizada senior); y su negocio de ferrocarriles GFM (BBB en moneda extranjera y moneda local no garantizada senior).

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## Appendix A: Common Stock Comparison



# Comparison of Selected Companies

Metals & Mining – Base Metals

(US\$ in millions, except per share data)

Company	Closing Price 03/18/04	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise										5-Year EPS CAGR (2)	LTM Margins (1)			
					Sales		Value Multiples (2)				EBITDA		EBIT			Calendarized P/E Multiples (2)		EBITDA	EBIT
					2003	2004	2005	2003	2004	2005	2003	2004	2005	2003		2004	2005		
Antofagasta	\$ 19.25	83 %	\$ 3,795	\$ 4,825	4.4 x	N/A	N/A	9.0 x	6.3	6.1	12.2 x	N/A	N/A	N/A	47.7 %	36.0 %			
Freeport McMoran (3)	41.96	91	8,639	10,591	4.8	4.8	3.3	10.0	11.8	5.7	12.9	36.5	13.1	27.5	47.7	37.2			
Phelps Dodge	84.29	94	7,963	9,310	2.2	1.7	1.5	14.1	9.3	4.6	39.5	11.5	10.2	N/A	15.9	5.7			
Southern Peru Copper (4)	38.10	76	3,051	3,113	3.9	2.9	2.5	10.7	5.6	4.5	14.4	28.9	28.9	N/A	36.4	27.2			
Grupo Mexico	3.69	92	3,168	6,446	2.6	2.0	1.8	9.3	5.4	4.2	15.5	N/A	N/A	(5.9)	27.7	16.7			
High		94 %	\$ 8,639	\$ 10,591	4.8 x	4.8 x	3.3 x	14.1 x	11.8 x	6.1 x	39.5 x	36.5 x	28.9 x	27.5 %	48.7 %	37.2 %			
Mean		86 %	\$ 5,327	\$ 6,857	3.6 x	2.8 x	2.3 x	10.6 x	7.7 x	5.0 x	18.9 x	25.6 x	17.4 x	10.8 %	35.3 %	24.5 %			
Median		87 %	\$ 3,795	\$ 6,446	3.9 x	2.4 x	2.2 x	10.0 x	6.3 x	4.6 x	14.4 x	28.9 x	13.1 x	10.8 %	36.4 %	27.2 %			
Low		76 %	\$ 3,051	\$ 3,113	2.2 x	1.7 x	1.5 x	9.0 x	5.4 x	4.2 x	12.2 x	11.5 x	10.2 x	(5.9)%	15.9 %	5.7 %			

(1) Source: Latest publicly available financial statements. Equity Market Cap based on diluted shares outstanding.

(2) Sources: LTM numbers are based upon the latest publicly available financial statements. All projected sales, EBITDA, EBIT, and EPS estimates have been calendarized. Projected sales, EBITDA, EBIT, and EPS source: I/B/E/S median estimates.

(3) Not the same for acquisition of PT Puncak Jaya Power in July 2003 due to immateriality.

(4) Shares include both common stock and class A common stock.



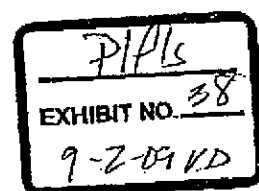
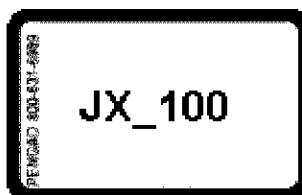
Presentation to the Special Committee



SOUTHERN PERU

Goldman, Sachs & Co.

April 29<sup>th</sup>, 2004



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SP COMM 003433  
A215



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- II. Preliminary Minera México Financial Analysis
- III. Market Update
- IV. Discussion of Structural Issues

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## **I. Process Update**

Process Update 1

**SP COMM 003436**  
**A218**

## Preliminary Phase One Timetable

### Main Tasks to be Performed – Subject to Availability of Information / Resources

Week of April 12 – April 16	<ul style="list-style-type: none"> <li>■ Retention of mining consultants firm Anderson &amp; Schwab ("A&amp;S") to assist the Committee on evaluating Grupo Mexico's proposal</li> <li>■ Financial and legal data room of MM in Mexico City and New York</li> <li>■ Management presentation on April 16<sup>th</sup> in Mexico City</li> </ul>
Week of April 19 – April 23	<ul style="list-style-type: none"> <li>■ Discussion among advisors to understand the scope of information made available as well as key relevant information still missing</li> <li>■ Interaction among A&amp;S, GS, UBS and Grupo to coordinate sites visits of facilities in Mexico and Peru</li> <li>■ A&amp;S to visit IMMISA facilities</li> <li>■ Additional interaction with UBS and Grupo to reiterate missing information</li> <li>■ GS to start reconciliation of financial model based on projections supplied by MM as well as Winters and Mintec reports</li> </ul>
Week of April 26 – April 30	<ul style="list-style-type: none"> <li>■ A&amp;S to start site visits to Cananea and Caridad on Sunday April 25<sup>th</sup></li> <li>■ Meeting with Committee and advisors in Mexico to discuss due diligence process and next steps               <ul style="list-style-type: none"> <li>— Discussion of relevant financial and legal information received and still missing</li> <li>— Advisors' review of preliminary conclusions</li> <li>— Next steps</li> </ul> </li> </ul>
Weeks of May 3 – May 21	<ul style="list-style-type: none"> <li>■ SPCC data room available in NY (timing / availability of data room and management presentation still not confirmed, nor has a formal invitation been extended)</li> <li>■ A&amp;S to visit SPCC facilities in Peru</li> <li>■ Continue interaction with UBS and Grupo to coordinate missing information</li> <li>■ GS to meet with A&amp;S to start discussion on key operating assumptions of valuation model</li> </ul>
Weeks of May 24 – June 11	<ul style="list-style-type: none"> <li>■ A&amp;S and GS to interact to define operating assumptions in MM and SPCC valuation models</li> <li>■ Advisors to finalize conclusions related to proposal</li> </ul>
Week of June 14	<ul style="list-style-type: none"> <li>■ Goldman Sachs, Latham, A&amp;S and Mijares to present conclusions formally to the Special Committee</li> <li>■ Special Committee to present recommendation to the SPCC Board on whether to proceed to next phase of negotiations</li> <li>■ Special Committee to decide on course of action after feedback from Board</li> </ul>

## Requested Information Still Missing

### Summary of Main Information

- Term sheet with additional details, as requested in the form of a letter to UBS dated April 1, 2004:
  - Proposed exchange ratio (number of SPCC shares to be issued with respect to the acquisition of MM)
  - Proposed structure and tax implications
  - Step-by-step explanation of asset contributions involving America Sales and SPCC under proposed structure
  - Proposed structure for creating a single class of common stock
  - Contemplated legal structure for the combined entity
- Details on proposed refinancing of MM's debt in terms of timing and proposed structure / restrictions
- Details on timing and logistics for SPCC's data room and management presentation
- Missing information in MM's data room, already requested from UBS / Grupo, mainly:
  - Fully audited financial statements for MM, dated as of December 31, 2003 (with notes) and March 31, 2004, with details on outstanding debt
  - Reconciliation of company's business plan with historical numbers in similar breakdown as the model (for 2001, 2002 and 2003)
  - Reconciliation of company's business plan with numbers in the management presentation
  - Detailed depreciation and amortization schedules for Minera México
  - Selected missing information related to mines and facilities not contained in Harry Winters and Mintec reports

II

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## **II. Preliminary Minera México Financial Analysis**

# Overview of Assets Being Evaluated

## Minera México Mines and Metallurgical Assets

Description	Cananea Division		La Caridad / Mexcoebre Division		IMMSA Division	
Operating Statistics	<ul style="list-style-type: none"> <li>Open pit mine located 60 miles from the Caridad metallurgical complex and near the U.S. border</li> <li>Largest copper mine in Mexico and 4<sup>th</sup> largest worldwide in terms of reserves</li> </ul>		<ul style="list-style-type: none"> <li>Open pit mine located near the town of Nacoari, near the U.S. border</li> <li>Situated on the top of a mountain, resulting in low stripping ratios</li> <li>High molybdenum content extends life of mine</li> <li>Metallurgical complex that includes:               <ul style="list-style-type: none"> <li>Copper smelter</li> <li>Electrolytic copper refinery</li> <li>Precious metals refinery</li> <li>Rod plant</li> <li>Sulfuric acid plant</li> </ul> </li> <li>Processes 100% of the copper concentrate produced by Cananea and Caridad</li> </ul>		<ul style="list-style-type: none"> <li>Four underground mines located in the central part of Mexico</li> <li>Mainly zinc, silver and gold</li> <li>Nueva Rosita coal and coke complex in Northern Mexico</li> <li>Production used at the San Luis Potosi copper smelter as well as sold to third parties</li> <li>San Luis Potosi metallurgical complex</li> <li>Electrolytic zinc refinery, copper smelter and sulfuric acid plant</li> <li>Plants are fed from zinc and copper concentrates produced by IMMSA's underground mines</li> <li>Smelter expected to close in 2013</li> </ul>	
	<ul style="list-style-type: none"> <li>Reserves of 25.2 Mt of contained copper</li> <li>Concentrator capacity of 80 ktpd</li> <li>SW-EX plant capacity (2 plants) of 56 ktpy</li> </ul>		<ul style="list-style-type: none"> <li>Reserves of 4.8 Mt of contained copper</li> <li>Reserves of 825 kt of contained molybdenum</li> <li>Concentrator capacity of 80 ktpd</li> <li>SW-EX plant capacity of 22 ktpy</li> </ul>		<ul style="list-style-type: none"> <li>Total concentrator capacity of 16.3 ktpy at four mines</li> <li>San Luis Potosi capacity:               <ul style="list-style-type: none"> <li>Copper smelter: 66 ktpy of concentrate and 25 ktpy of blister</li> </ul> </li> </ul>	
Key Expansion Projects	<ul style="list-style-type: none"> <li>Two projects underway to increase SX-EW copper production by 65 ktpy with two new plants in operation in 2007 and 2009</li> <li>Feasibility study of installing a new concentrator plant with 110 ktpd of mill throughput capacity (not included in projections)</li> </ul>		<ul style="list-style-type: none"> <li>New SX-EW plant to be commissioned in 2007 with 20 ktpy production capacity</li> <li>Copper equivalent mining plan to be implemented starting in 2014 to extend life of mine due to high molybdenum content</li> <li>Management projections assume no further expansion at La Caridad metallurgical complex</li> </ul>		<ul style="list-style-type: none"> <li>Expansion of Rosita coal plant by 1.1 Mtpy to 1.5 Mtpy in 2004</li> <li>Deepening of the shafts at Charcas and San Martin, with completion expected in 2005 / 2006</li> <li>Expected expansion of zinc refinery by 2.5 ktpy to be completed by year end 2006</li> </ul>	

Source: Minera México April 16<sup>th</sup> Management Presentation.

## Overview of Assets Being Evaluated

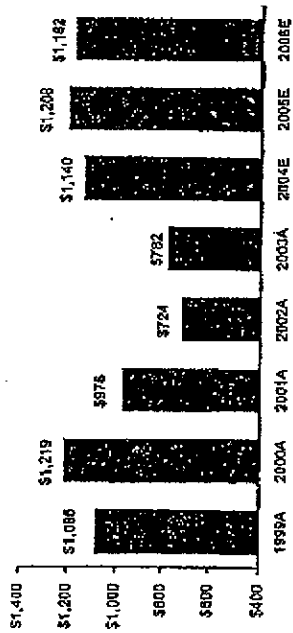
### Highlights of MM Mining Consultants Reports

- Winters, Dorsey & Company December 2003 Report
  - "Since only a month was available for this work, it is clearly understood by all parties that the plan is not a final plan nor an optimal plan from the point of view of cash flow generation or rate of return"
  - "In WDC's opinion, the production plans for 2004 for the La Caridad and Cananea mines, mills and SXEW operations are aggressive. While, in WDC's opinion, they are achievable, they will require a very wholehearted commitment in terms of money, management and training."
  - "As a result of WDC's mine planning work for La Caridad, it is WDC's opinion that it is probable that the tonnage of leachable ore is significantly larger than previously estimated. Given the time available to prepare the mine plan, the plan developed for this report is probably not optimal from the point of view of cash flow generation. Over the next several months, WDC will be continuing planning efforts with the aim of maximizing cash flow generation at La Caridad, including using the molybdenum resources and leachable resources to their best advantage"
- Winters, Dorsey & Company January 2004 Report
  - "Our scope of work did not include audits of accounting reports, environmental audits or review of the status of environmental permits, or review of MM's legal rights to mine the reserves and resources projected to be mined"
  - "WDC began the process of developing a 15-year plan for the La Caridad mine, mill and SXEW plant in the summer of 2003. (...) The work on this plan was put on hold in October and November 2003 in order to assist MM with other planning activities, including review of ten-year plans for operating units of MM other than La Caridad. Since only one month was available for the work, it was clearly understood by all parties that the plan was not a final plan nor an optimal plan from the point of view of cash flow generation or rate of return"
  - "During WDC's work on the 10-year plan, WDC became convinced that there is more rock that can be profitably leached than had been included in earlier MM long-term plans for La Caridad"
  - "WDC has made the best estimate of the potential additional leach resources that can be made given the time and data available. Once again, the time available for this project has been short, less than two months including the Christmas and New Years holiday seasons"
- Mintec March 2004 Report
  - "A total reserve of 2.1 billion tonnes of concentrator ore and 3.1 billion tonnes of leach material exist at Cananea as of January 1, 2004 at a copper price of \$0.85 per pound. Of these amounts, 1.8 billion tonnes of concentrator ore and 2.7 billion tonnes of leach material are minable without re-locating the concentrator. (...) The additional 10 years of mine life does not justify the capital expense of re-locating the concentrator"
- The Winters and Mintec reports include assumptions of copper prices of \$0.85 / lb for purposes of reserve calculations. In the case of La Caridad, MM management has assumed a copper price of \$0.90/ lb in its business plan, which results in an extension of the life of mine of La Caridad from 2031 to 2061

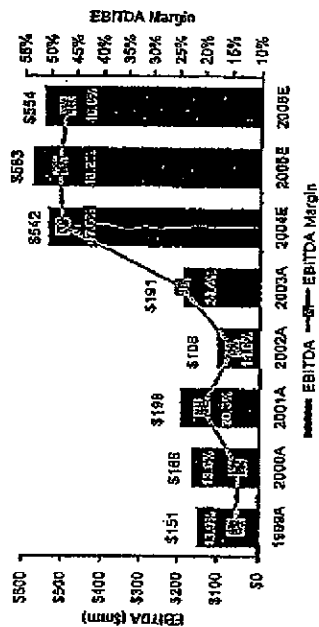


# **Historical and Projected Financial Performance** **Minera México** **(US\$ mm)**

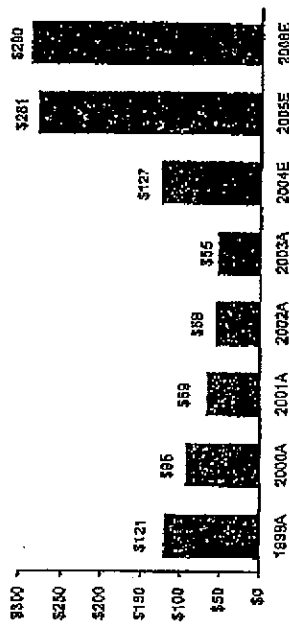
## **Net Revenues**



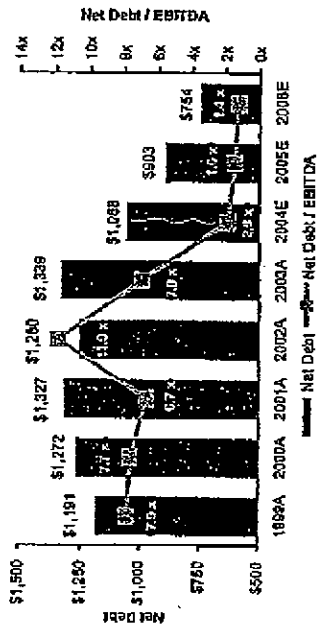
## **EBITDA**



## **Capex**



## **Net Debt**



Source: Historical information from 1999 - 2003 from Grupo Minera México's 20-Fs and Grupo Minera's results releases (1999, 2000 and 2001 in Mexican GAAP, 2002 and 2003 in US GAAP). 2004 - 2008 figures from Minera México's management projections. Net Debt excludes minority interest.

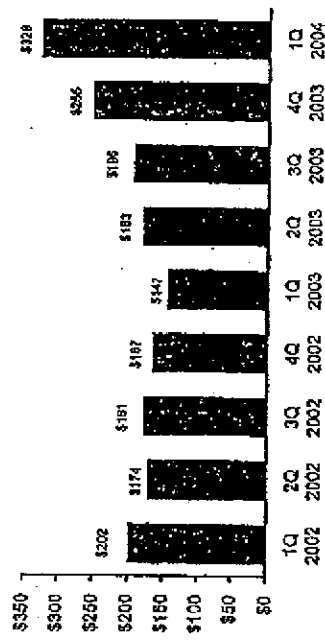


# Historical Quarterly Financial Information

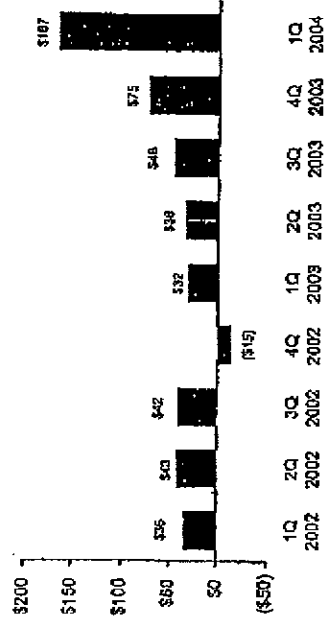
Minera México

(US\$ mm)

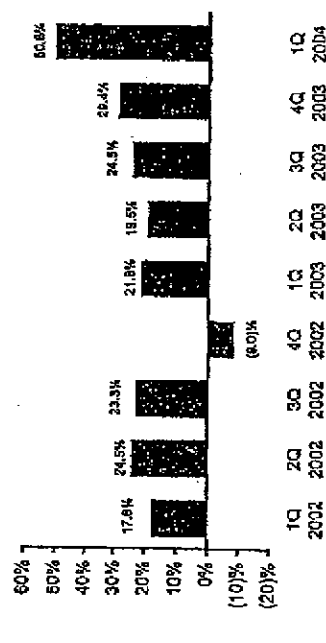
## Net Revenues



## EBITDA



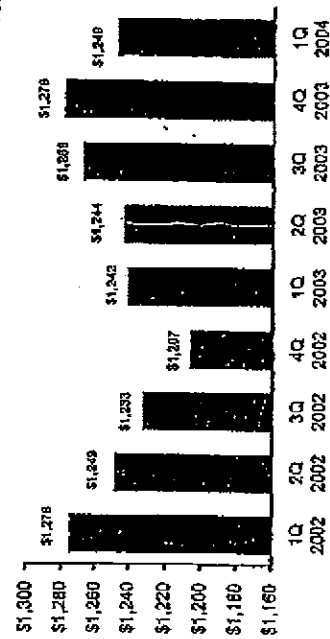
## EBITDA Margin



Source: Historical quarterly information supplied by MM management.

\* Net debt excludes minority interest.

## Net Debt<sup>1</sup>



# Analysis of 1Q 2004 Summary Financial Results

Minera México

(US\$ mm)

## Quarter over Quarter Overview

	1Q 2004 Actual Results	Change from 1Q 2003	Change from 4Q 2003
Sales	\$328.5	123%	29%
Operating Income	138.3	4435%	189%
EBITDA	166.9	419%	123%
EBITDA Margin	51%	133%	73%
Net Income	96.3	N.M.	109%
Capex	27.8	161%	86%
Copper Production (tonnes)	65,169	54%	1%

## Annualized 1Q 2004 Financial Results vs. 2004 Company Estimates<sup>1</sup>

	Annualized 1Q 2004	2004 Company Estimates	Company Estimates vs. 1Q 04 Annualized
Sales	\$1,313.8	\$1,139.8	-13%
Operating Income	553.3	437.4	-21%
EBITDA	667.4	542.2	-19%
EBITDA Margin	51%	48%	-6%
Net Income	385.1	247.8	-36%
Capex	111.1	126.7	14%
Copper Production (tonnes)	340,766	345,243	1%

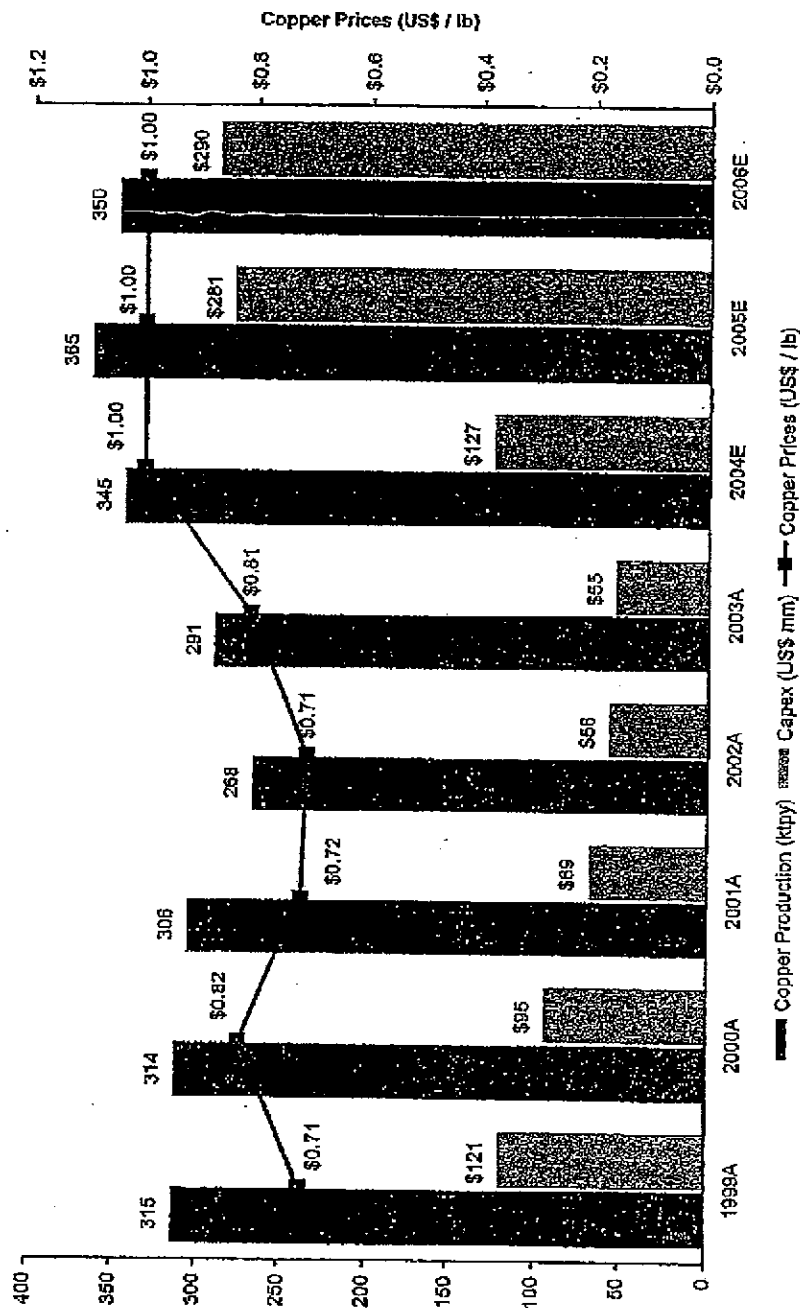
Source: 1Q 2004 Information from Grupo Mexico's results releases. 2004 estimates from Minera Mexico's management projections.

<sup>1</sup> 1Q 2004 results annualized assuming each quarter represents 25% of full annual results.



# Operating Analysis – Production, Capex and Copper Prices

Minera México



Source: Historical information from 1999 – 2003 from Grupo Minera Mexico's 20-Fs and Grupo Mexico's results releases (1999, 2000 and 2001 in Mexican GAAP, 2002 and 2003 in US GAAP), LME copper prices (LME copper grade A cash).

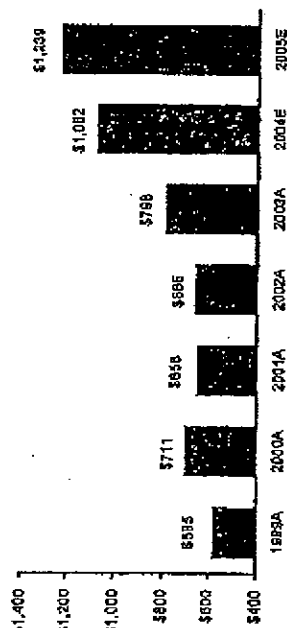


# Historical and Projected Financial Performance

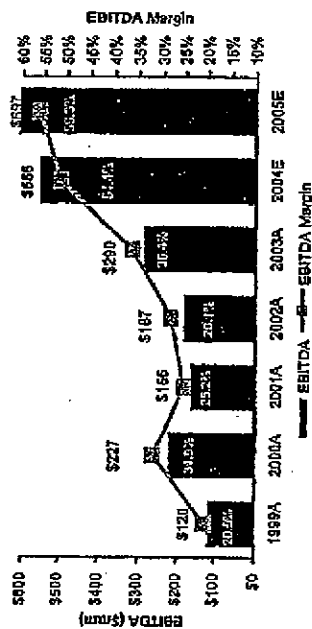
SPCC

(US\$ mm)

## Net Revenues



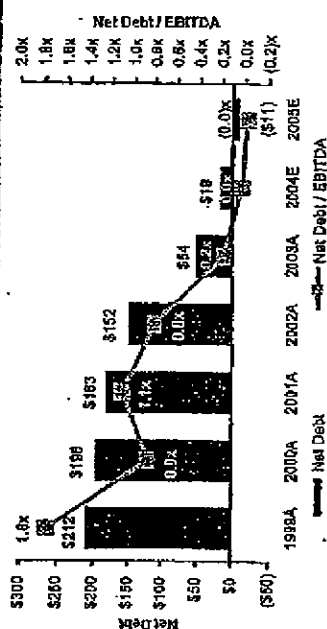
## EBITDA



## Capex



## Net Debt



Source: Historical information from 1999 - 2003 from SPCC annual reports, 2004 and 2005 figures based on Wall Street estimates. Net debt excludes minority interest.



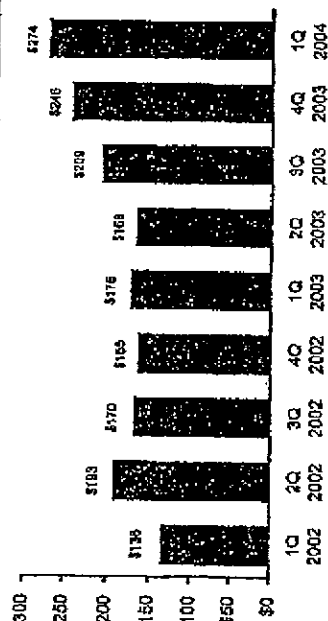
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# Historical Quarterly Financial Information

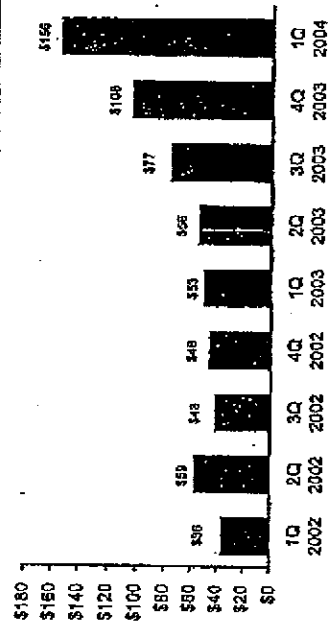
SPCC

(US\$ mm)

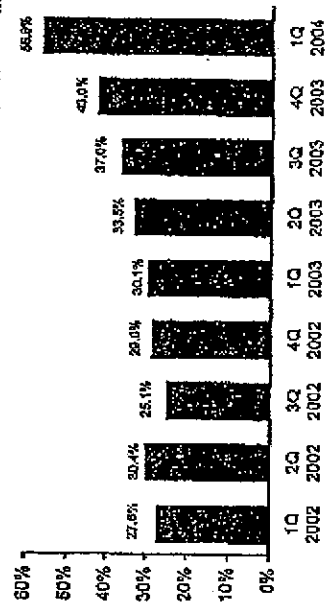
## Net Revenues



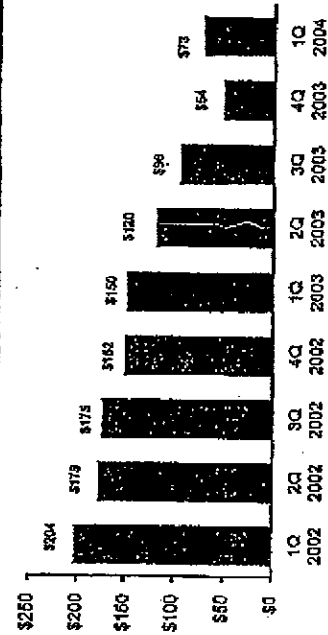
## EBITDA



## EBITDA Margin



## Net Debt<sup>1</sup>



Sources: SPCC's 10Qs and Grupo Mexico's results releases.

<sup>1</sup> Net debt excludes minority interest.

# Analysis of 1Q 2004 Summary Financial Results

SPCC

(US\$ mm)

## Quarter over Quarter Overview

	1Q 2004 Actual Results	Change from 1Q 2003	Change from 4Q 2003
Sales	\$274.1	157%	112%
Operating Income	137.0	395%	157%
EBITDA	156.0	287%	148%
EBITDA Margin	57%	189%	132%
Net Income	86.8	474%	184%
Capex	40.2	222%	152%
Copper Production (tonnes)	94.8	109%	98%

## Annualized 1Q 2004 Financial Results vs. 2004 Company Estimates<sup>1</sup>

	Annualized 1Q 2004	2004 Wall Street Estimates	Wall Street Estimates vs. 1Q 04 Annualized
Sales	\$1,096.3	\$1,082.0	-1%
Operating Income	546.1	476.0	-13%
EBITDA	624.1	566.0	-11%
EBITDA Margin	57%	51%	-10%
Net Income	347.2	300.0	-14%
Capex	160.8	210.0	31%
Copper Production (tonnes)	379.3	383	1%

Sources: 1Q 2004 Interim report from Grupo Mexico's results releases. 2004 estimates from Wall Street projections.

<sup>1</sup> 1Q 2004 results annualized assuming each quarter represents 25% of 1H annual results.

# Financial Observations

## Contribution Analysis

	SPCC	Unadjusted	Adjusted <sup>1</sup>	Mineira	# of SPCC Shares to be Issued <sup>2</sup>
<b>Sales (\$ mm)</b>					
2003A	\$763	50.5%	69.8%	\$781	34.7
2004E	1,062	48.7%	65.2%	1,140	40.8
2005E	1,239	50.6%	70.0%	1,208	54.3
<b>EBITDA (\$ mm)</b>					
2003A	\$292	60.5%	91.2%	\$181	7.7
2004E	556	50.6%	70.0%	542	34.4
2005E	697	54.5%	77.8%	553	22.8
<b>EBIT (\$ mm)</b>					
2003A	\$219	71.4%	NM	\$88	NM
2004E	476	52.1%	72.9%	437	29.7
2005E	617	59.2%	68.3%	425	10.6
<b>Book value (\$ mm)<sup>3</sup></b>	\$1,317	65.2%	65.2%	\$703	42.7
<b>Copper Metal Production (ktpy)<sup>4</sup></b>	375	50.3%	81.7%	291	18.0
<b>Pro forma # of shares<sup>5</sup></b>	80		52.5%	72.3	72.3

Source: Historical information from companies' annual reports. SPCC estimates based on Wall Street projections. MM estimates based on MM management projections.

<sup>1</sup> Assuming SPCC's multiples are the same for Mineira and considering each company's net debt position of US\$82 mm for SPCC and US\$1,328 mm for Mineira, as per Grupo Mexico's 2004 filings (includes minority interest) and using SPCC share price of \$28.55 as of April 28, 2004.

<sup>2</sup> Assuming pro-forma adjusted contribution figures.

<sup>3</sup> As of December 31, 2003 for both companies.

<sup>4</sup> As of December 31, 2003 for both companies.

<sup>5</sup> Assumes issuance to Grupo Mexico of 72.3mm shares as per Wall Street Research.

III

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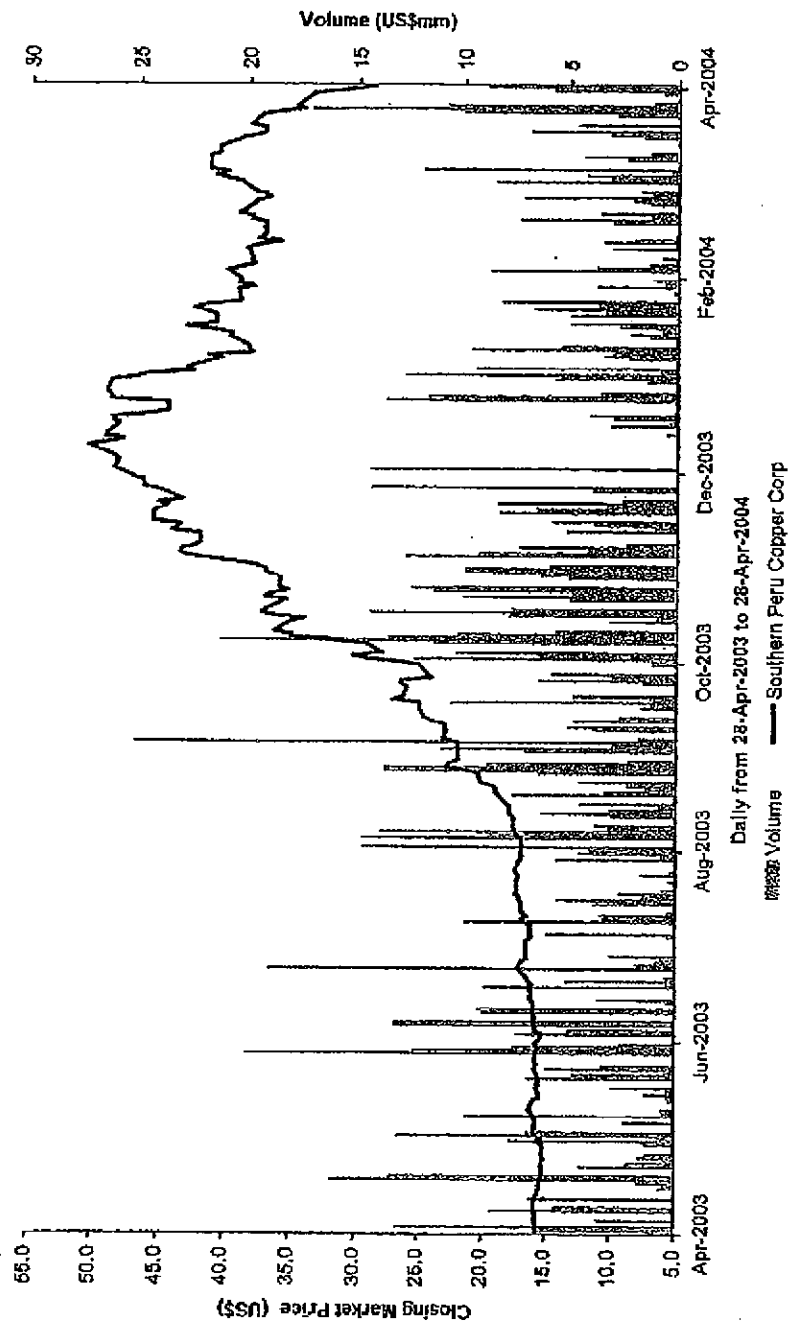


### III. Market Update

Market Update 15

# SPCC Price and Volume Performance

As of April 28, 2004



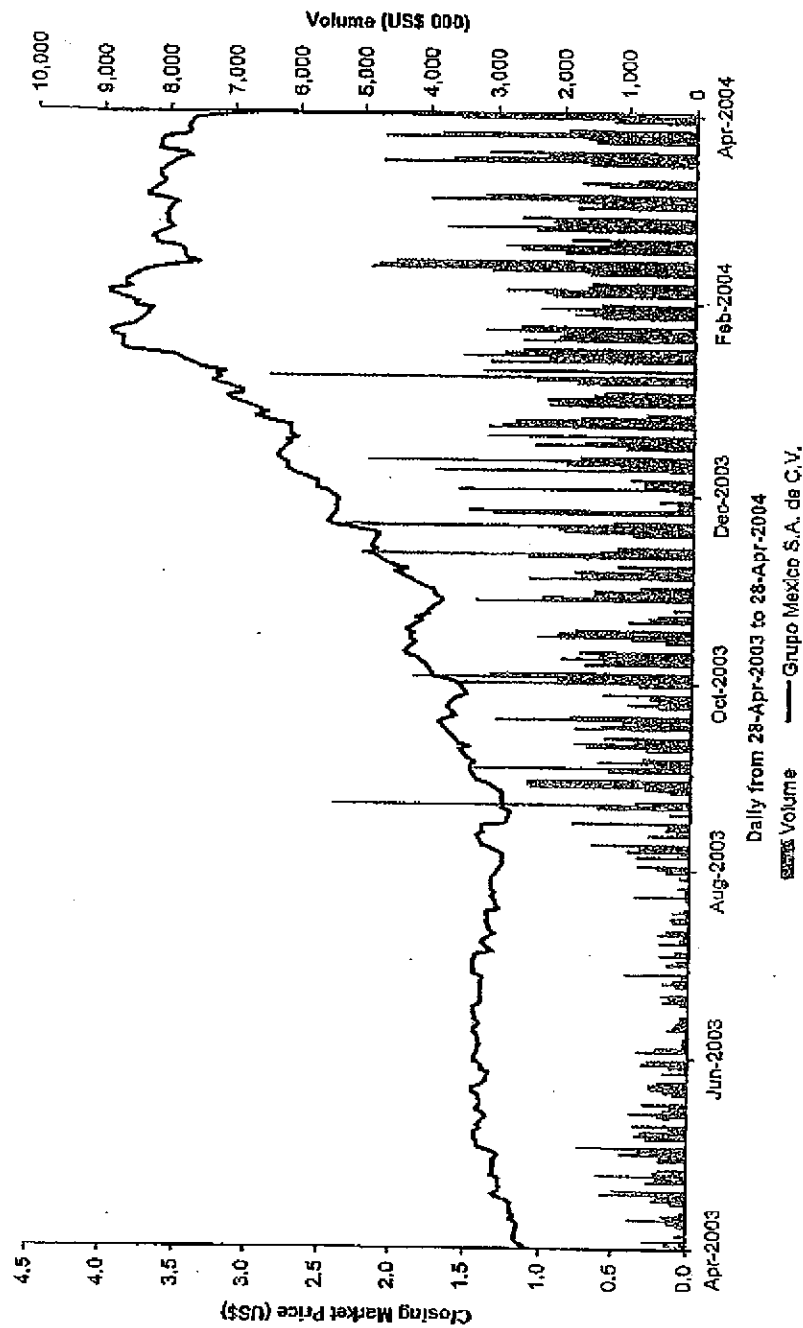
Source: FactSet



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## Grupo Mexico Price and Volume Performance

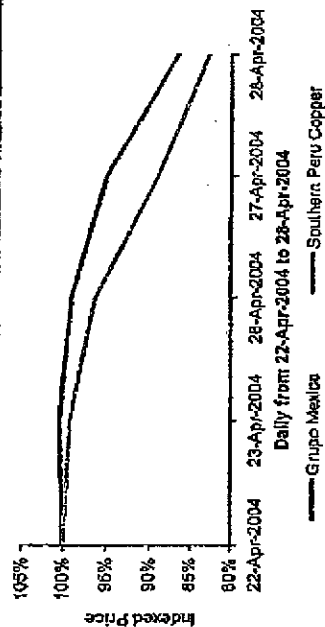
As of April 28, 2004



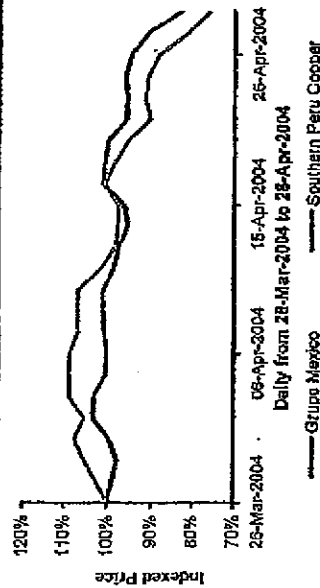
# SPCC vs. Grupo Mexico Recent Stock Performance

As of April 28, 2004

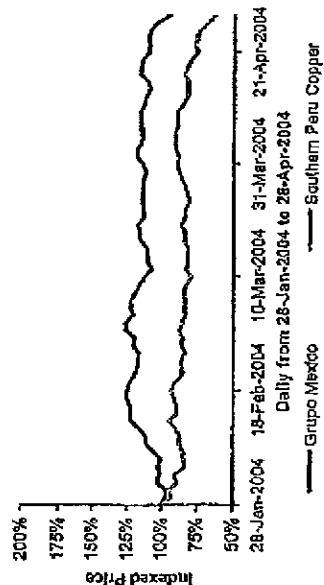
1 Week



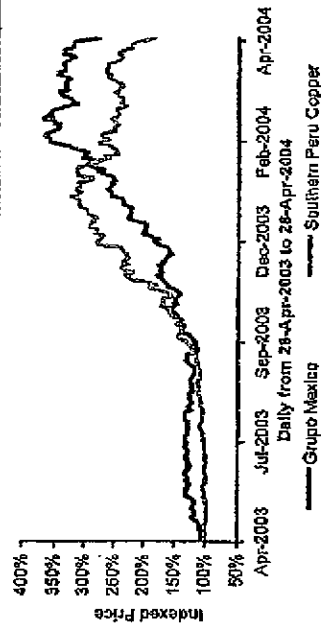
1 Month



3 Months



1 Year



Note: GM prices in USD  
Source: Factset



# Copper Players Stock Market Performance

As of April 28, 2004

## Stock Price Performance

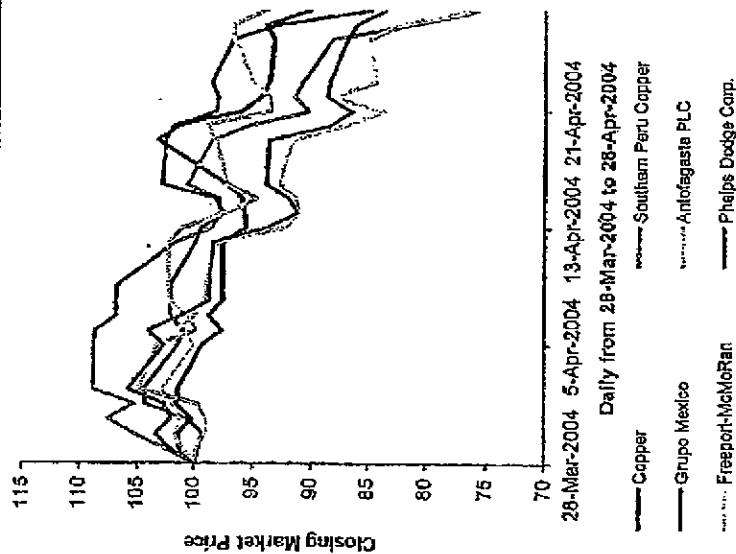
Company	1-year	6-months	3-months	1-month
SPCC	83.4%	30.9%	(37.2)%	(24.2)%
Grupo Mexico	199.0%	115.8%	(2.3)%	(15.1)%
Antofagasta	58.4%	10.1%	(16.7)%	(5.9)%
Freeport McMoRan	69.5%	(8.4)%	(20.6)%	(23.5)%
Phelps Dodge	111.0%	41.4%	(9.8)%	(16.3)%
Mean	103.9%	38.0%	(17.3)%	(17.0)%
Median	83.4%	30.9%	(15.7)%	(16.3)%
Copper Prices	74.1%	53.9%	11.2%	(9.8)%

Source: FactSet  
Notes: Prices in USD.

# Copper Industry Update

As of April 28, 2004

Last Month Price Evolution



Source: Factset, Company Filings and Wall Street Research. Prices in USD

Multiples

Company	Closing Price 4/28/2004	% of 52 Week High	EV/ EBITDA	EV/ 2004 EBITDA	EV/ 2005 EBITDA
SPCC	\$ 28.8	26.6 %	4.3 x		3.4 x
Grupo Mexico	3.0	77.6	4.7		3.7
Antofagasta	17.6	78.1	5.8		5.7
Freeport McMoRan	29.5	63.8	7.6		4.0
Phelps Dodge	66.9	74.5	5.0		3.8

# Recently in Equity Research

## SPCC

Date	Source	Comment
April 21, 2004	Goldman Sachs	<p>1) <b>WEAKER 1Q04 RESULTS.</b> SPCC reported operating EPS of \$1.08, below consensus at \$1.10 and our \$1.21 est. due to weaker than expected copper sales volumes as the company accumulated inventories in order to start producing copper wire rod in 2Q04. EBITDA at \$155 million was also below our \$168 million estimate. 2) <b>MODEST DECLINE IN EPS FORECAST</b> to \$4.48 from \$4.60 in 2004 due to the weaker 1Q04 results. 3) <b>NEW ROD PRODUCTION SHOULD RAISE MARGINS.</b> We expect SPCC's copper sales margins to increase by 2-7 cents/lb already in 2Q04 through the production of 21,000 tonnes of copper wire rod per quarter at Asarco's facilities in the US. 4) <b>VALUATION.</b> We estimate that SPCC is trading at 3.9X EV/EBITDA and 6.2X P/CF based on our 2005 estimates (this compares with our copper universe average of 4.3X EV/EBITDA and P/CF of 5.7X).</p> <p>1Q04 RESULTS: <b>POSITIVE SURPRISES:</b> 1) Lower than expected cash costs at 39.9 cent per pound of copper, 2) lower administrative and exploration expenses. <b>NEGATIVE SURPRISES:</b> 1) weaker than expected copper sales volumes due to the accumulation of inventories as the company plans to start producing copper wire rod in 2Q04, 2) Copper mine production 3% below our forecast. 3) continued decline in SX/EW production due to lower grades of pregnant leaching solution, and 4) Molybdenum production declined 10% QoQ.</p> <p><b>PROJECT DEVELOPMENT IN PROGRESS:</b> 1) SPCC expects to start the construction of its 1lb smelter modernization in 2H04 and to meet the environmental deadline of early 2007 with the Peruvian Government (expected conclusion of the project by the end of 2006); 2) SPCC's Toquepala leaching project (\$70 million project) is also on schedule, which should lead to higher SX/EW copper cathode production and lower operating costs in 2005 (\$25 million lower operating costs per year).</p> <p><b>PROPOSED NEW MINING ROYALTIES CAN HURT PROJECT RETURNS.</b> Peru's congress is currently considering the imposition of a 3% NSR royalty on mining companies to help finance regions and the newly created regional governments. The next voting on the mining royalties should happen over the next 15 to 30 days. Despite intense lobbying by the mining industry against it, we consider the risks are high.</p> <p><b>WHAT TO WATCH FOR:</b> 1) Higher margins of copper sales by 2-7 cents/lb (according to our estimates) as SPCC starts producing 7,000 tonnes of copper wire rod per month; 2) Progress on the implementation of SPCC's smelter modernization program; 3) further cost reductions as the company expects cash costs to average 27.7 cents/lb in 2004, 4) potential changes in SPCC's dividend policy; 5) privatization of Las Bambas where SPCC has shown interest.</p> <p><b>IMPLICATIONS FOR THE INDUSTRY:</b> 1) The decline in molybdenum production in 1Q04 (10% QoQ) is positive for supply/demand fundamentals for this metal. The company also expects 2004/2005 molybdenum production to be below 2003 levels of 19.9 million pounds. 2) The risk of new NSR mining royalties in Peru could affect key metal markets such as zinc, lead, copper, gold and silver as well as the NAV of companies with mining operations in Peru. 3) SPCC expects to increase copper production by 3% in 2004 which should add more supply to the currently tight copper market.</p>

# Recently in Equity Research

## Grupo Mexico

Date	Source	Comment
April 21, 2004	Goldman Sachs	<p><b>LOWER PRODUCTION OFFSET BY LOWER COSTS:</b> Grupo Mexico (NR) reported EPS of US\$0.25 vs. our estimate of US\$ 0.24. The results confirm progress on cost reductions at Minera Mexico, earnings leverage to copper cycle, and improving balance sheet prospects. <b>KEY SURPRISES:</b> 1) Lower cash cost at MM at US\$0.37/lb; 2) Higher cost at Asarco at US\$1.00/lb; 3) Weaker than expected copper production at all mining subsidiaries due to temporary factors. <b>HEALTHY FREE CASH FLOWS LEAD TO BALANCE SHEET IMPROVEMENTS:</b> Free cash flow at US\$208mm for the 1Q04 (an improvement of 5% QoQ and 321% YoY) is giving the company more financial flexibility. Net debt decreased by US\$98mm and the company is planning on paying down an additional US\$100mm in debt in April 2004. 4) <b>VALUATION:</b> We estimate that GMX is trading at 3.1X EV/EBITDA and 2.8X P/CF based on our 2005 estimates, which compare with our copper universe average of 4.3X EV/EBITDA and P/CF of 5.7X.</p> <p><b>1Q04 RESULTS:</b> Grupo Mexico reported slightly weaker consolidated EBITDA at US\$403 million vs. our \$410 million estimate due to lower-than-expected copper sales volumes (204,000 tonnes vs. our 230,200 tonnes forecast) caused by accumulation of inventories at SPCC and higher pre-stripping rates at Asarco. The company reported EPS of \$0.25/share in 1Q04, slightly above our \$0.24/share estimate due to lower than expected taxes.</p> <p><b>POSITIVE SURPRISES:</b> 1) Lower cost due to better operational results at Minera Mexico; 2) better than expected ore grades and recovery at Cananea copper mine; 3) US\$100mm debt pre-payment scheduled for April 2004 as a result of higher free cash flows; and 4) Zinc production 3% higher than our estimate. <b>NEGATIVE SURPRISES:</b> 1) Higher cash cost at Asarco on QoQ basis and YoY at US\$0.99/lb; 2) Lower ore grades at Cananea copper mine in Mexico; and 3) Lower than expected volumes transported at Ferromex.</p> <p><b>MAKING SLIGHT ADJUSTMENTS TO OUR 2004-'05 EPS ESTIMATES</b> We are increasing slightly our 2004-'05 EPS estimates for Grupo Mexico to factor in better operating performance at Minera Mexico, 1Q04 results, and our higher silver price forecasts (\$7.00/oz and \$6.50/oz from \$6.00/oz in 2004 and 2005, respectively).</p> <p><b>SEGMENT ANALYSIS SHOWS POSITIVE TRENDS</b></p> <p><b>MINERA MEXICO - POSITIVE COST SURPRISE</b> (100% owned Mexican mining subsidiary). MM's cash costs improved to US\$0.37/lb in the 1Q04 from the \$0.49/lb average of 2003. The company reported 1Q04 EBITDA of US\$166 million, stronger than our \$156 million estimate due to higher ore grades and recovery at the Cananea mine, which was partly offset by lower ore grades at the Cananea mine.</p> <p><b>SPCC - TEMPORARY BUILD-UP IN INVENTORIES</b> (54% owned mining subsidiary). SPCC reported operating EBITDA of US\$156mm, which was below our \$168 estimate due to weaker than expected copper sales volume as the company accumulated inventories in order to start producing copper wire rod in 2004.</p>

## Recently in the News

Date	Source	Comment
April 23, 2004	Reuters	Grupo Mexico Could Prepay \$400 million of 2007 debt- Grupo Mexico, the world's third largest copper producer, could prepay this year up to \$400 mm in debt due in 2007 if copper prices stay high, a senior executive said on Friday. Juan Rebolledo, Grupo Mexico's vice-president of international relations, told Reuters the company would prepay \$106 mm of the debt on April 30 and could prepay similar amounts in subsequent quarters. Grupo Mexico has been riding high since the debt renegotiation last year, its stock jumping more than 200% as the shares became the best performers on Mexico's IPC stock index over the past 12 months.
April 23, 2004	Business News Americas	Mining Units Stimulate Grupo Mexico Profits 1Q 2004 - Mexican mining and metals giant Grupo Mexico saw its net profit surge 647% this year to US\$166 million compared to 1Q 2003 as its local mining division Minera Mexico excelled, the company announced. Minera Mexico sold 89,000 tonnes of copper in the first quarter, a 66% increase year over year while overall sales jumped 123% to US\$328 million. "The considerable increments in copper production are due principally to the continuation of the plan to rehabilitate operating equipment and the productive plant", Grupo Mexico said on a statement.
April 23, 2004	Latin America News Digest	Southern Peru Net Profit at \$86.8 million in 1Q 2004- Peruvian mining giant SPCC posted a net profit of \$86.8 million in the first quarter of 2004, compared to \$18.3 million registered in the first quarter of 2003, the company said on April 21, 2004. The sales of the company totaled \$274.1 million, up 58.8%. Oscar Gonzalez Rocha, President of SPCC, attributed the big year on year increase in net profit in the 1Q 2004 to the considerable increase in copper prices on the international market, which started increasing since the end of 2003.
April 21, 2004	Reuters	Grupo Mexico Posts Quarterly Profit Versus Loss- Grupo Mexico has been the top performer on Mexico's IPC stock index over the past year, its shares driven by an upturn in prices for precious and base metals it mines. Grupo Mexico stock closed down 3.77% on Wednesday at 39.36 pesos, reflecting a fall in copper prices. Penoles and Grupo Mexico are both among the IPC's most volatile stocks over the past 30 days. "The drops for Grupo Mexico and Penoles have to do with the prices of copper and silver", said Juan Jose Resendiz, director of analysis at the Arka brokerage. "The fall in metal prices is a result of the (expected) rise in interest rates in the United States", he said.

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#### IV. Discussion of Structural Issues

## Key Terms of MM Debt Restructuring

Completed on April 29<sup>th</sup>, 2003

- In 2001 and 2002, MM's financial results were significantly affected by the decline in market prices of its main products. As a result, MM failed on several occasions to comply with certain terms of its financial indebtedness
  - During 4Q 2002, MM began the debt renegotiation process, and on December 4, 2002, signed a term sheet with the holders of its Secured Export Notes ("SENs") and its bank lenders in which the terms and conditions of the restructured debt were described
  - On April 29<sup>th</sup>, 2003, MM entered into definitive agreements by and among MM, certain of its subsidiaries (as guarantors), the SEN Holders, its banks lenders and HSBC as shared payment and collateral agent
  - The primary restructuring agreement is the Common Agreement
  - The refinancing was completed on April 29<sup>th</sup>, 2003
- The principal aspect of the debt restructuring was the postponement of principal amortizations and financial covenants until 2004, providing MM with time to improve its financial position
  - Total debt remained at the same level - US\$1,340 mm (including US\$18 mm of capitalized interest)
  - The Yankee bonds, which total approximately US\$441 mm, were not refinanced (initial principal payment is due in 2008) but bond holders were granted certain security interests under the refinancing documents
- Export receivables and export proceeds are pledged and assigned for the benefit of the SEN holders pursuant to the SEN Security Agreement
- All other assets of MM and the capital stock of MM placed in trust for the benefit of the restructured creditors and the Yankee bond holders pursuant to the U.S. Security Agreement and the Mexican Security Trust Agreement





## Key Terms of MM Debt Restructuring

Completed on April 29<sup>th</sup>, 2003

(Continued)

### ■ Change of Control and Required Consents

- Yankee bonds
  - Based on documents provided to date, a change in control provision may be triggered by this transaction, resulting in a repurchase obligation at 100% of par (Supplemental Indenture, which may address this point, has not yet been provided)
- Vote of a majority of bond holders of each class, voting as a class, required to amend Indenture
- Restructured debt
  - Consent of all lenders required to release all or substantially all of the liens on assets and shares held in trust, including for purposes of substituting collateral, e.g. exchange of MM shares for SPOC shares (Agent's consent not sufficient)
- A Change Of Control of MM is an Event of Default under the Common Agreement
  - A waiver requires the vote of the Super Majority Lenders (90% or more of the principal, voting as a class)
  - Amendment to Common Agreement has not yet been provided

# Summary of MM Debt Restructuring April 29<sup>th</sup>, 2003

Creditor	Characteris- tics	Expiration Date		Interest Rate		Original Amount		Restructured		Total
		Original	Restructured	Original	Restructured	Original	Restructured	Series A	Series B	
Bank of New York (Agent)	Series C, D, E secured export notes	1998 - 2001	2004 - 2007	9.80%, 10.26%, 11.18% and Libor + 2.39%	11.01%, 11.18% and Libor + 3.75%	\$473.2	\$473.2	\$145.2	\$328.0	\$473.2
Bank of America (Agent)	Syndicated term loan	2001 - 2003	2004 - 2007	Libor + 0.90%	Libor + 3.75%	\$104.0	\$104.0	\$31.9	\$72.1	\$104.0
Bank of America (Agent)	Down payment agreement	2003 - 2006	2004 - 2007	Libor + 1.86	Libor + 3.75%	\$7.7	\$7.7	\$2.3	\$5.3	\$7.6
Bank of America and Export-Import Bank	Export related loan agreement	2001 - 2007	2004 - 2007	Libor + 0.1	Libor + 3.75%	\$36.7	\$36.7	\$11.2	\$25.5	\$36.7
Nova Scotia Bank	Term credit facility	2004	2004 - 2007	Libor + 2.25	Libor + 3.75%(US\$ mm)	\$102.2	\$102.2	\$31.4	\$70.9	\$102.3
Barco Nacional de Comercio Exterior	Revolving credit	2007	2004 - 2007	Libor + 1.59	Libor + 3.75%	\$50.0	\$50.0	\$15.3	\$34.7	\$50.0
Bank of America (Agent)	Letter of credit facility	2003	2004 - 2007	Libor + 2.0	Libor + 3.75%	\$39.8	\$39.8	\$12.2	\$27.6	\$39.8
Export Development Corporation	Loan agreement	1997 - 2005	2004 - 2007	Libor + 0.76	Libor + 0.625% and Libor + 3.75%	\$39.6	\$39.6	\$12.1	\$27.4	\$39.6

# Summary of MM Debt Restructuring

April 29<sup>th</sup>, 2003

(Continued)

Creditor	Characteris tics	Expiration Date		Interest Rate		Original Amount		Restructured		Total
		Original	Restructured	Original	Restructured	Series A	Series B	Series A	Series B	
Sociedad Generale and Import-Export Bank	Export loan	1998 - 2004	2004 - 2007	Libor + 0.25	Libor + 3.75%	\$7.8	\$2.3	\$5.3	\$7.6	
Enron, Siemens Financial and West LB AG	Non payment liability	2002	2004 - 2007	Libor + 2.625%	Libor + 3.75%	\$20.0	\$6.1	\$13.9	\$20.0	
Yankee Bond	Long term debt	2008 - 2028	Not restructured	8.25% and 9.25%	Not restructured	\$441.2	Not restructured	Not restructured	Not restructured	
Bank of America	Capitalized interest	2003	2004 - 2007			\$18.1				\$18.1
Total						\$1,340				\$1,340

Source: Grupo Minero Mexico 2002 30-F.

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**From:** Riva, Sofia <Sofia.Riva@gs.com>  
**Sent:** Monday, May 24, 2004 11:09 PM (GMT)  
**To:** 'Miguel Palomino' <migpalomino@yahoo.com>; 'Carlos Ruiz' <cruizs@prodigyweb.net.mx>; gperezalonso@infosel.net.mx; hshandel@pritzkerorg.com  
**Cc:** Werner, Martin <Martin.Werner@gs.com>; Sanchez, Martin <martin.sanchez@gs.com>; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>; Fernandes, Ana <Ana.Fernandes@gs.com>  
**Subject:** Pisco - SPCC mgmt presentation  
**Attach:** SPCC mgmt presentation.pdf

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Dear all,

Please find attached a copy of the SPCC mgmt. presentation delivered last Friday in Lima.

Regards,

The GS Team

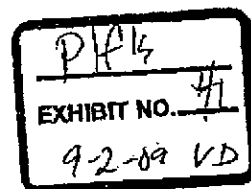
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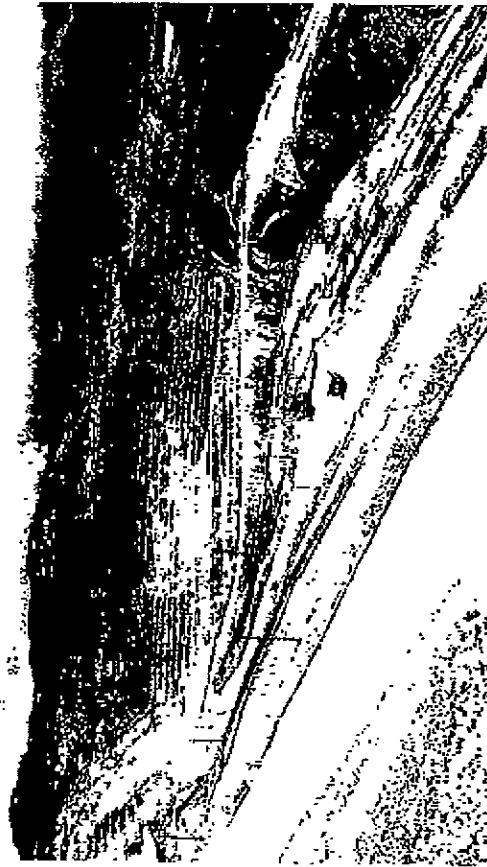
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Presentation to Goldman Sachs, Advisor to the Special Committee  
of Disinterested Directors of SPCC

May 21, 2004



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## SPCC Overview



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# SPCC Overview

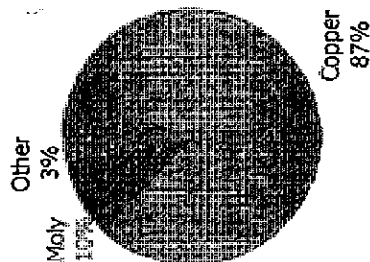
**SUPERIOR SCALE**

- World's 8th largest copper producer
- Largest mining company in Peru
- Production capacity of 380 ktpy of copper and 10ktpy of molybdenum
- Vertical integration through the Ilo complex
- Strong operating track record and financial position

**ASSET QUALITY**

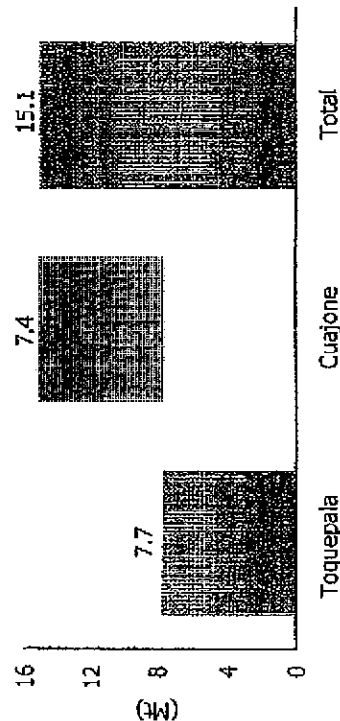
- Toquepala and Cuajone are recognized internationally as world-class assets
  - geographic proximity of assets generates operating synergies (i.e. SX-EW)
- Total cash cost of \$39.9/lb in 2003, down \$0.094/lb in the last two years
  - significant molybdenum by-product credits
- 15.1 million tons of copper contained in reserves

Revenue Mix—2004E



Source: SPCC

Reserves (contained copper)

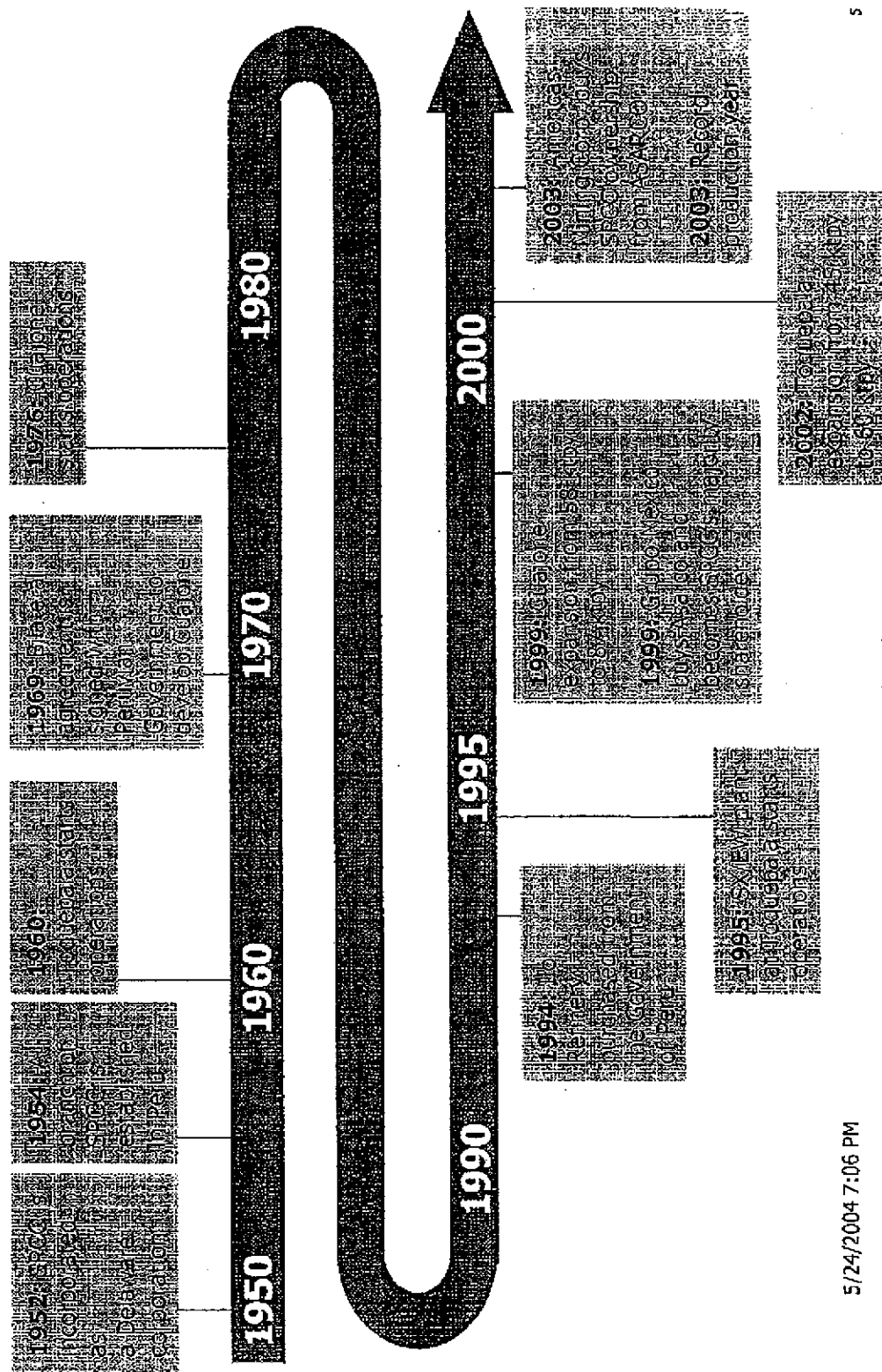


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## Brief History



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# Ownership and Share Structure

## Classes of Shares

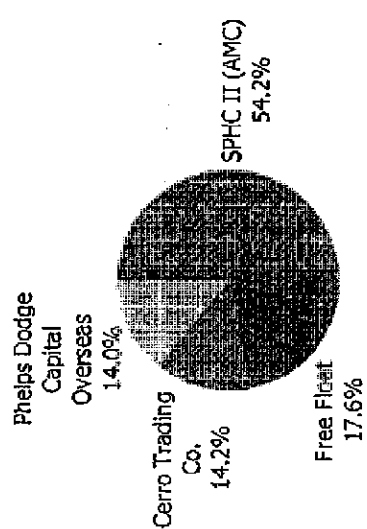
### CLASS A COMMON SHARES

- Owned by the "founding shareholders of SPCC" (Grupo Mexico, Phelps Dodge and the Marmon group)
- Five votes per share
- Non registered
- Can be exchanged into common shares at a one-to-one ratio

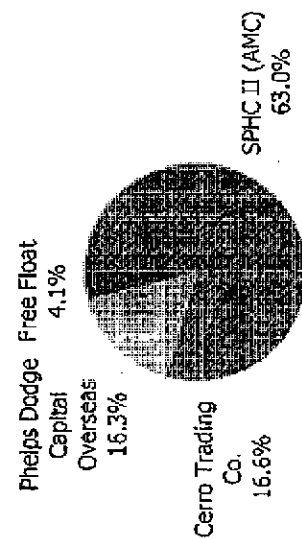
### COMMON SHARES

- Registered and traded in the NYSE and the Lima Stock Exchange
- One vote per share

## Economic Ownership (total 80.014 million shares)



## Voting Ownership

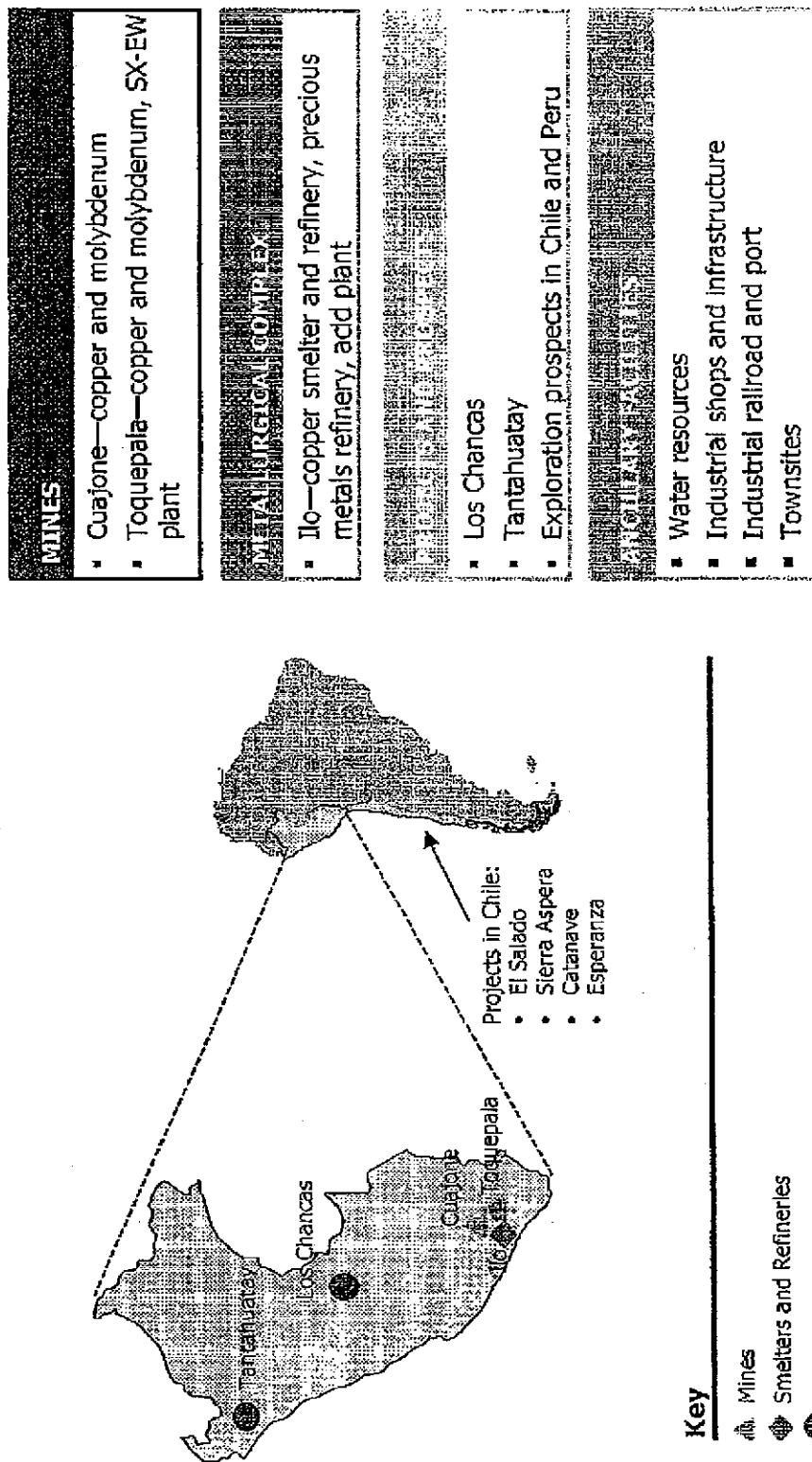


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# Asset Overview

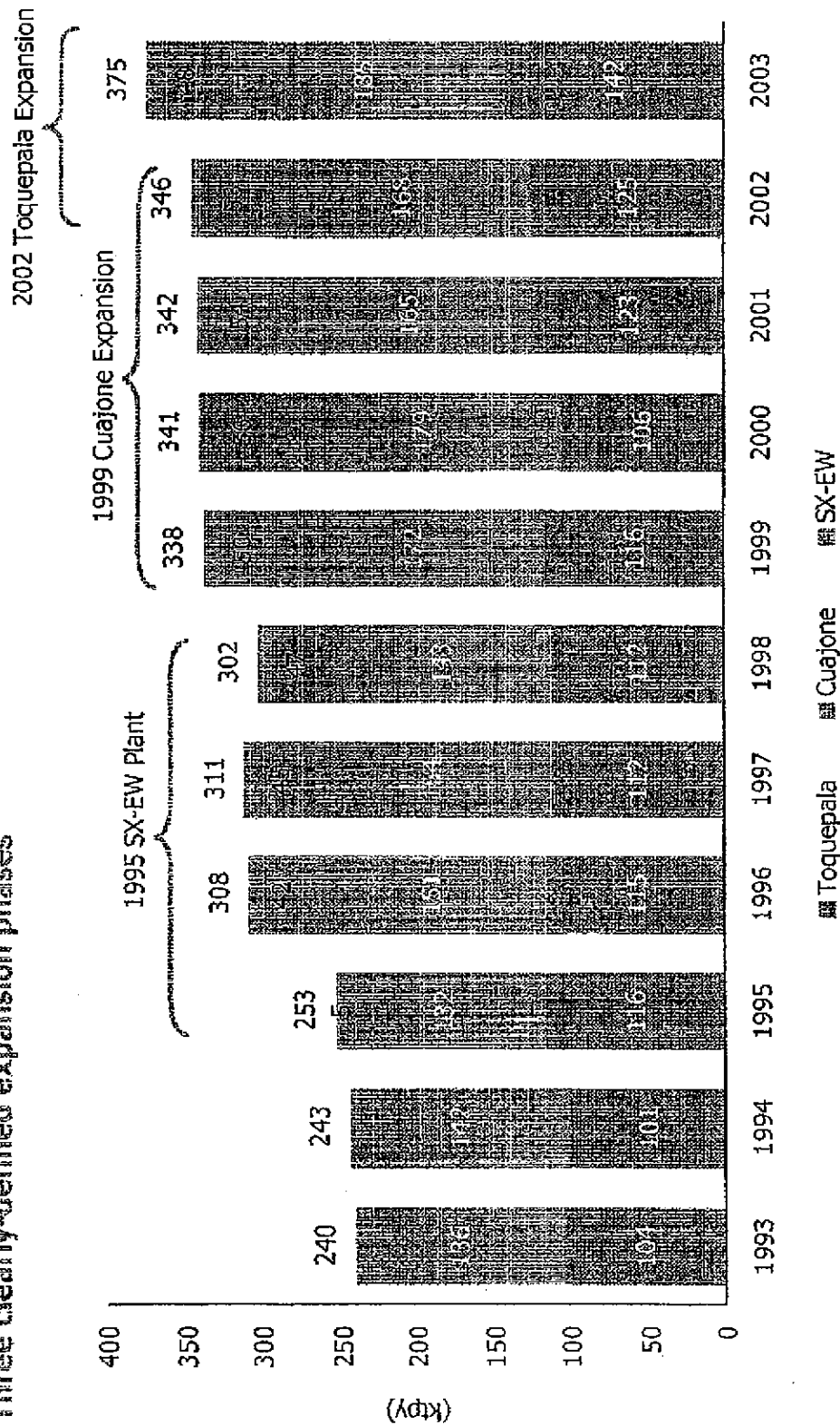


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# Copper Production

Three clearly-defined expansion phases

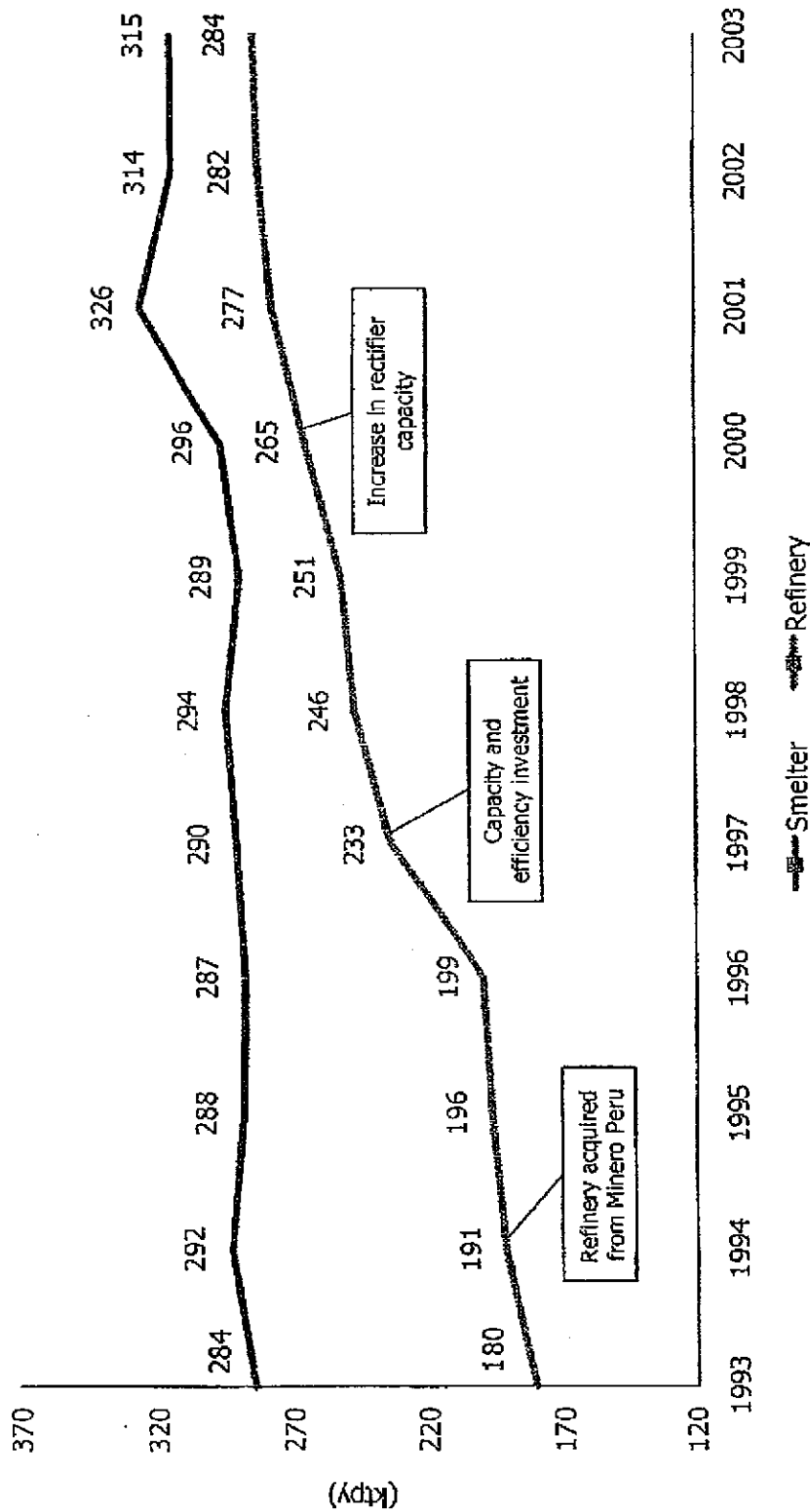


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# Smelter and Refinery Production

Cathode production has increased by 50% since SPCC acquired the Ilo refinery from Minero Peru

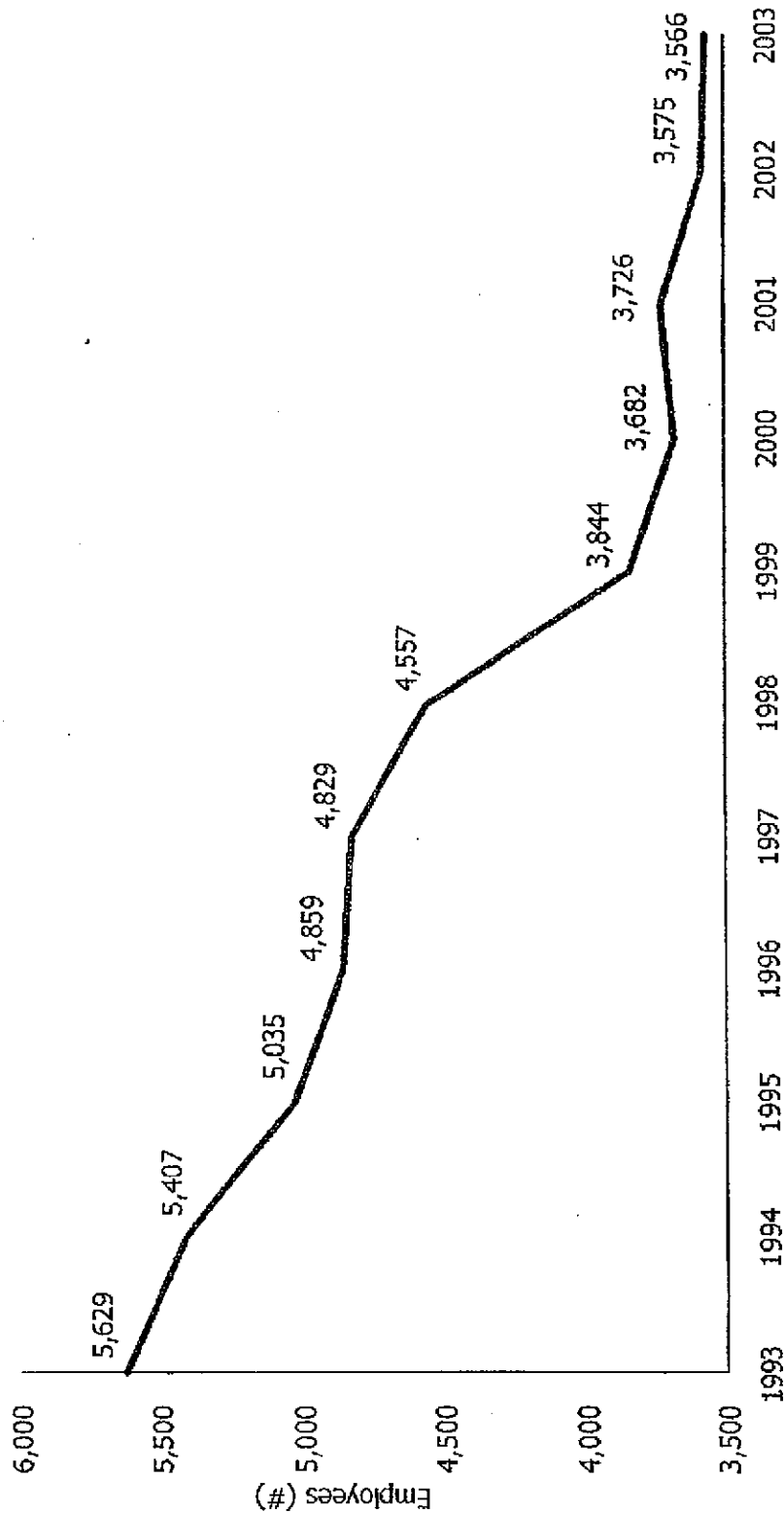


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## Number of Employees

SPCC has an efficient and highly motivated workforce

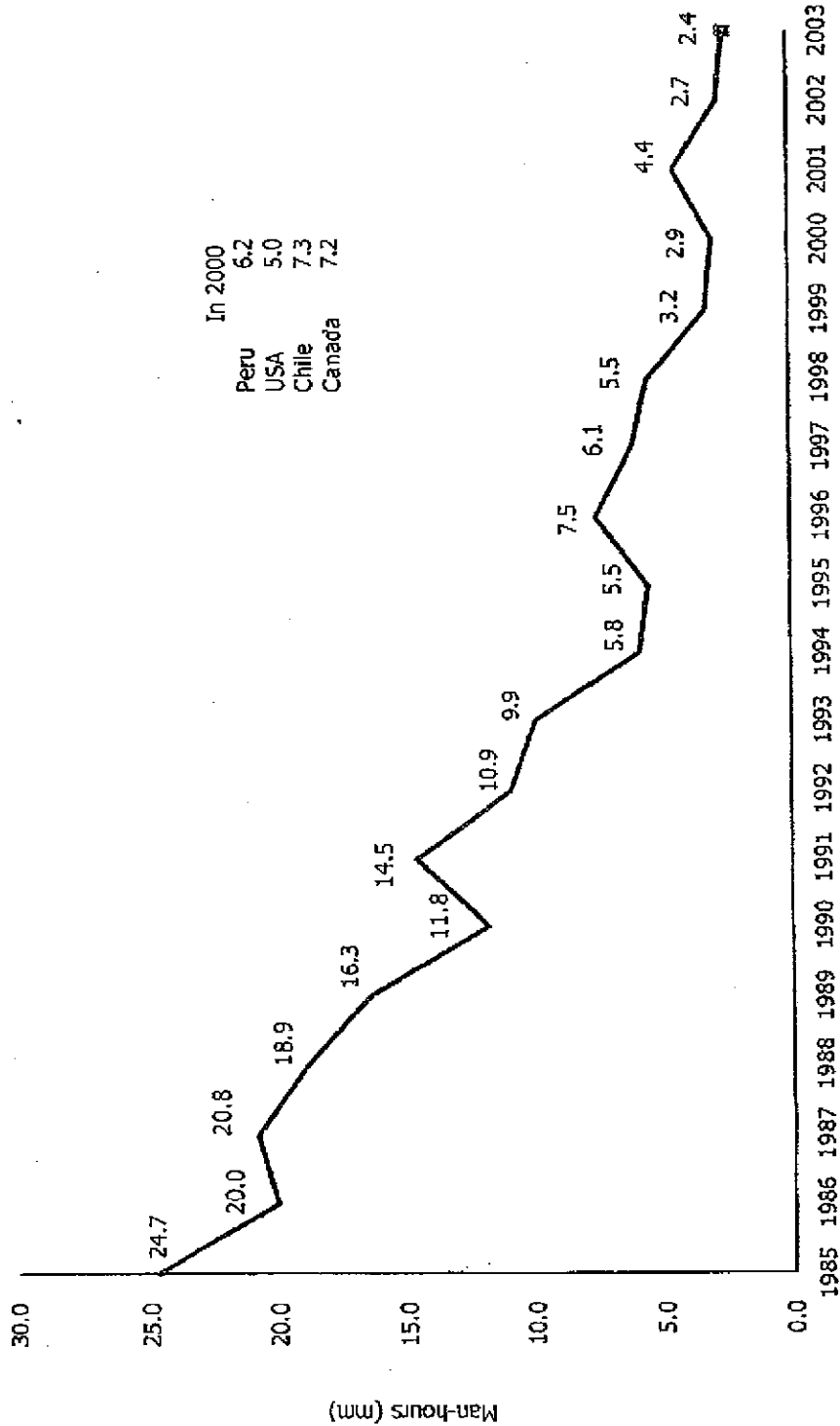


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# Safety

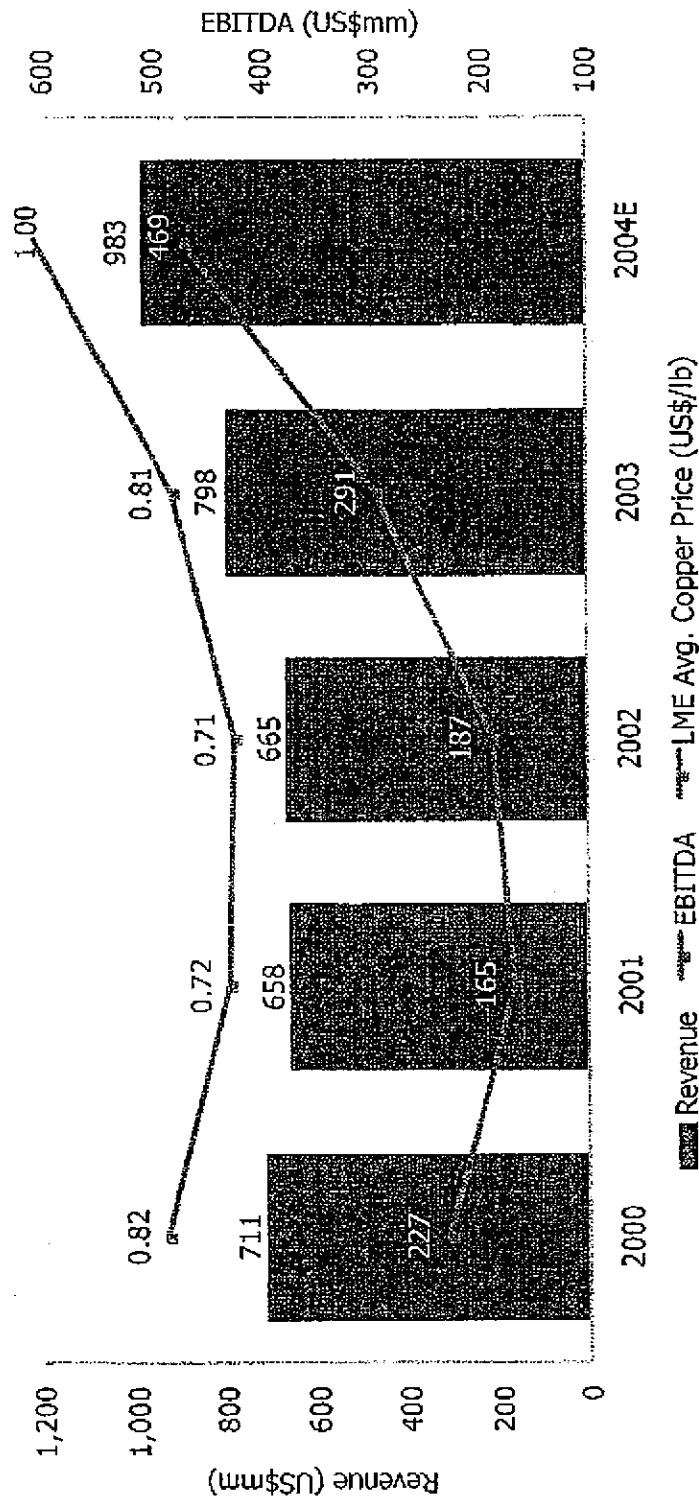
SPCC's safety metrics have consistently improved over time and are significantly better than those in the US and Chile



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# Revenue & EBITDA

Strong financial performance in low metal price environments and significant operating leverage to benefit from the current cycle



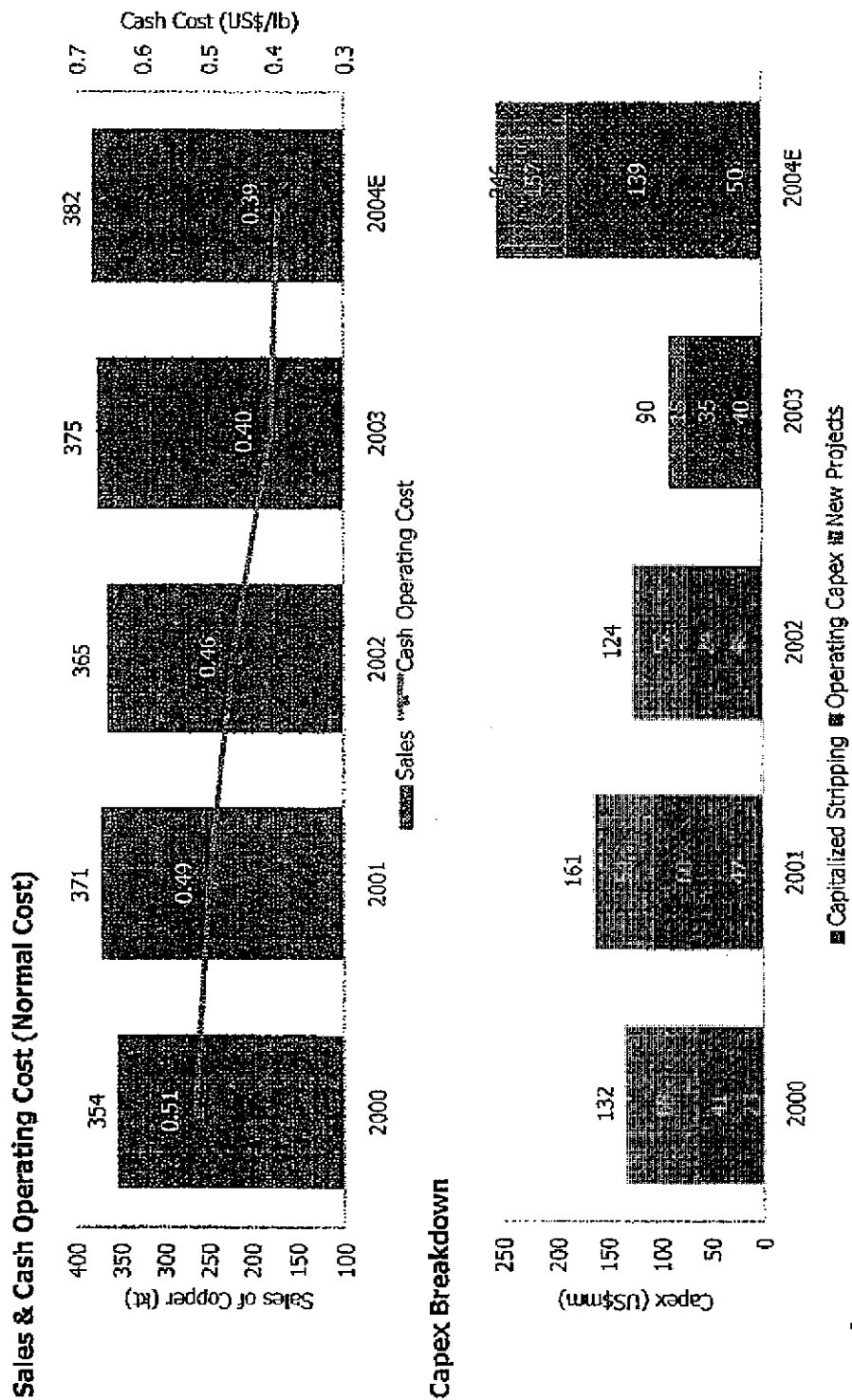
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# Production, Cash Operating Cost & Capex



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# 1Q04 Results

A stellar quarter

1Q04 vs. 1Q03

US\$m	1Q04	1Q03	Growth %
Revenues	274.1	174.8	56.8%
EBITDA	156.0	52.6	196.6%
FCF <sup>1</sup>	23.4	6.9	237.6%
Net Income	86.8	18.3	373.9%

Source: SPCC

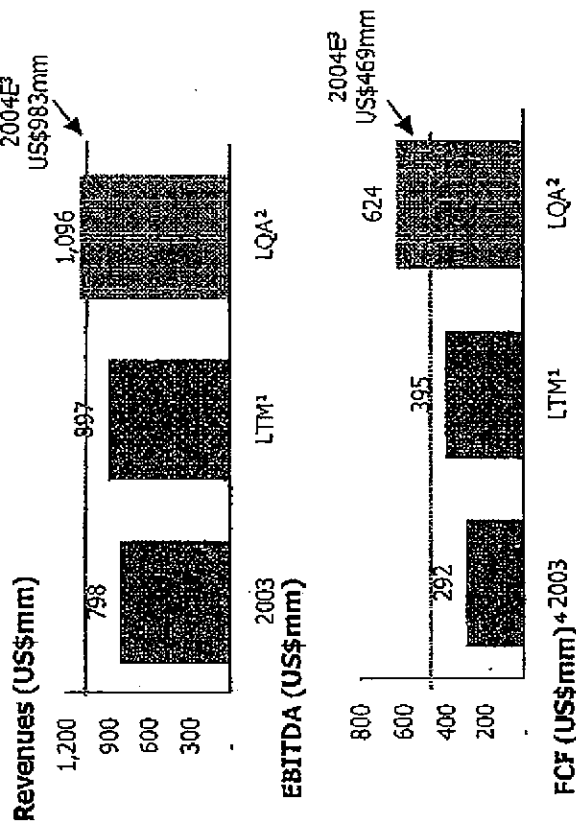
Note:

- 1 Adjusted to reverse the effect of the new commercial strategy on working capital in 1Q04.

## HIGHLIGHTS

- Increase in revenue and EBITDA driven by higher production and metal prices
- Copper volume sold in 1Q affected by a one time \$ 16.4 mm increase in inventories due to a shift in commercial strategy towards selling rod instead of cathodes.
- Net debt fell by more than US\$125 million y/y

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Source: SPCC  
Notes:

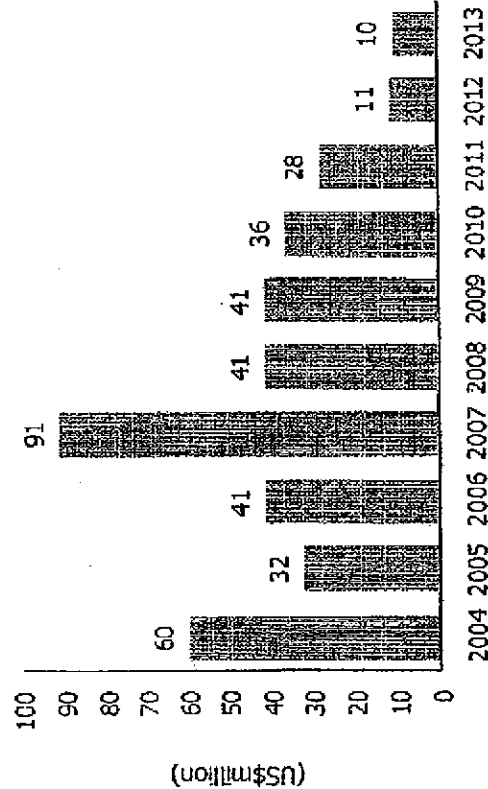
- 1 As of March 31, 2004
- 2 Last Quarter Annualized as of March 31, 2004
- 3 Management projections
- 4 Adjusted to reverse the effect of the new commercial strategy on working capital in 1Q04. Assumes no change in inventories due to new sales strategy of selling rod instead of cathodes. Total adjustment is \$ 16.4 million.

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# Debt Structure

Low leverage, spread-out amortizations, and significant liquidity

Amortization Schedule



Capitalization

(US\$ millions)	Book Value 2004/03/31	LTM EBITDA <sup>1</sup> Multiples (x)
Cash	276	0.7
Debt:		
8.25% SPCC Bond due 2004	50	0.1
8.75% SPCC Bond due 2007	30	0.1
8.75% SPCC Bond due 2007	20	0.1
L + 2.375% SPCC Bond due 2010	25	0.1
L + 2.313% SPCC Bond due 2010	25	0.1
L + 3.00% SPCC Bond due 2005-11	73	0.2
L + 3.00% SPCC Bond due 2005-12	26	0.1
L + 1.25% SPCC Mitsui Facility due 2014 <sup>2</sup>	100	0.3
<b>Total SPCC Debt</b>	<b>349</b>	<b>0.9</b>
<b>Net Debt</b>	<b>73</b>	<b>0.2</b>
Minority Interest	9	0.0
Shareholder's Equity	1,381	3.5
<b>CAPITALIZATION</b>	<b>1,738</b>	<b>4.4</b>

Notes:

- 1 As of March 31, 2004. Assumes LTM EBITDA of US\$395 million. Please see page 14 for SPCC's LTMs.
- 2 Japanese LIBOR

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## SPCC Overview

### Toquepala



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# Toquepala Overview

## Description

- Toquepala started operations in 1960. Based on current production levels the mine is expected to close in 2033, while the SX-EW plant will close in 2028
- In 2002, Toquepala completed a 15 ktpd expansion increasing the daily mill throughput to 60 ktpd

## Expansion

- Leachable ore crushing and conveying project under construction
  - increase in electrowon copper production of 5 ktpy by 2010 due to higher recovery rates
  - reduction in \$ 7.00/lb in Toq Mine- concentrator cost
- A plan to increase capacity to 90ktpd is under consideration
  - US\$525 million investment, 36 months time frame
- Two new SAG mills would replace existing crushers

## Reserves (contained copper)

Sulfide Ore (Mt)	619.6
Avg. Cu Content (%)	0.74
Avg. Mo Content (%)	0.026
Leachable Ore (Mt)	1,732.2
Avg. Cu Content (%)	0.18

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## Toquepala Concentrator



## Operating Statistics (2003)

Total material moved (Mt)	105.2
Ore milled (Mt)	21.2
Concentrate produced (kt)	505.2
Copper in concentrate (kt)	142.4
Molybdenum produced (kt)	4.2

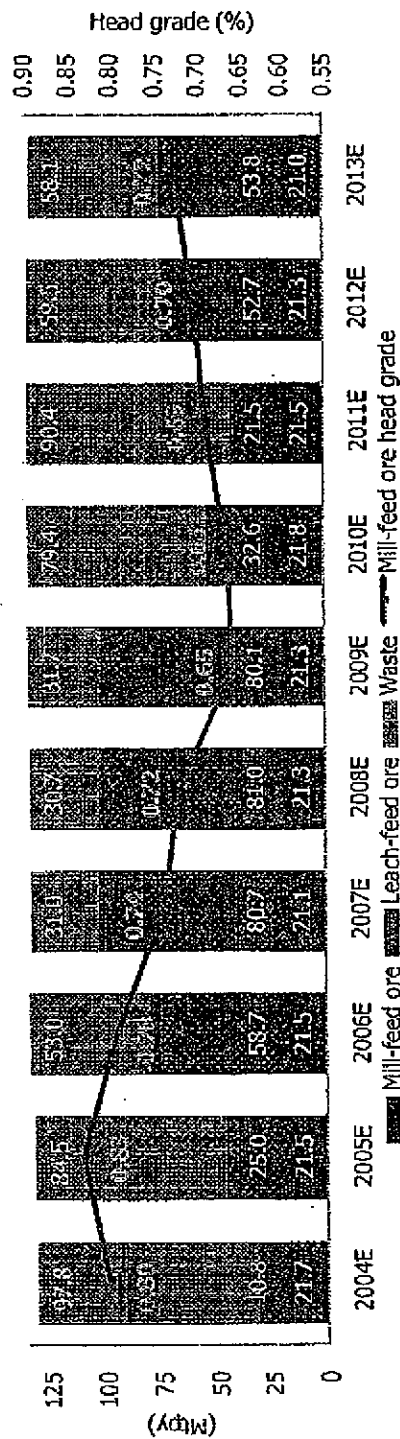
## Major Equipment

Shovels (21-66 tons)	7
Haul Trucks (109-218 tons)	45
Rotary Drill	1
Electric Drills	3

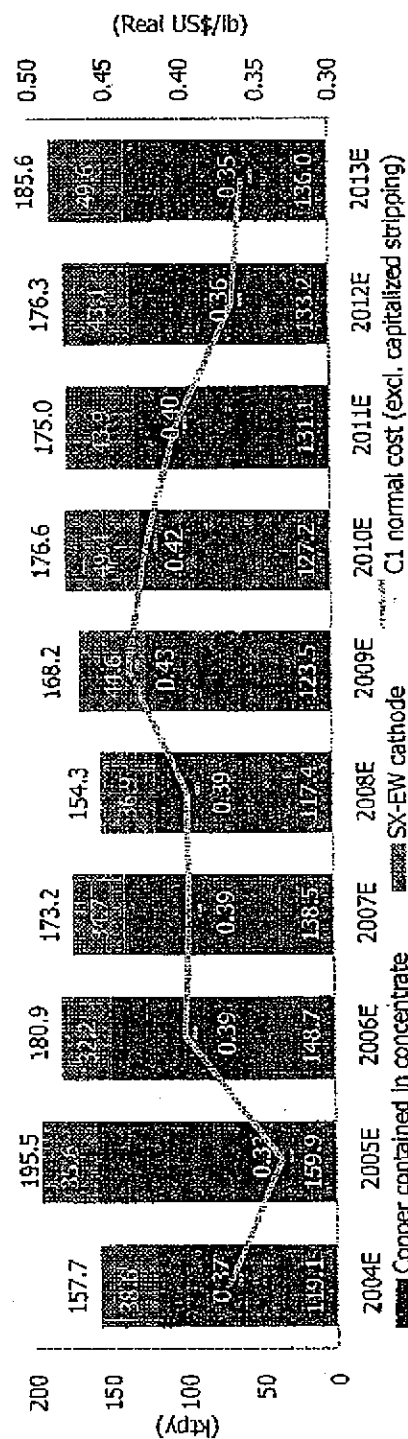
# Toquepala Minesite — Mining Plan

## 357-365 ktpd mining plan

### Mining Plan



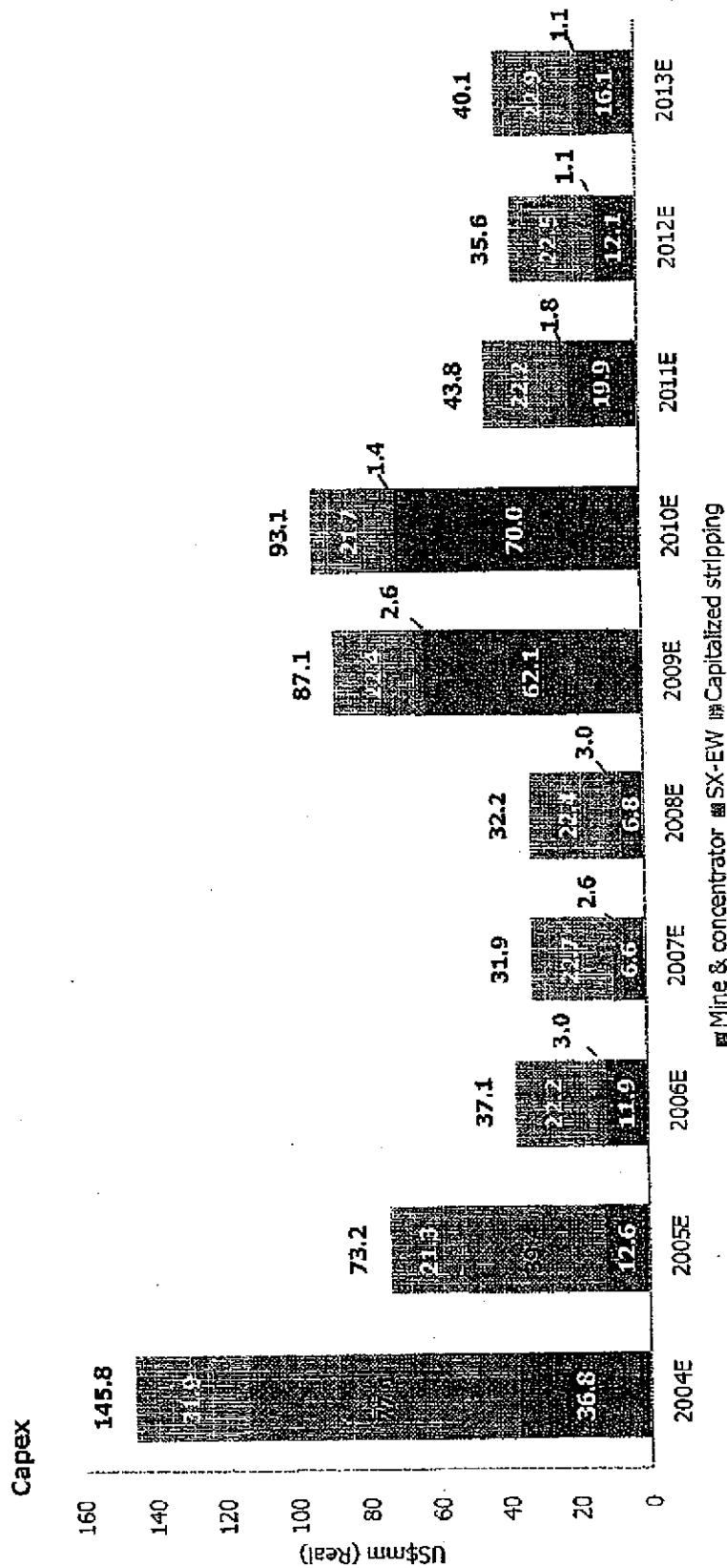
### Copper Production and Unit Cost



Source: SPCC

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# Toquepala Minesite — Capital Investments

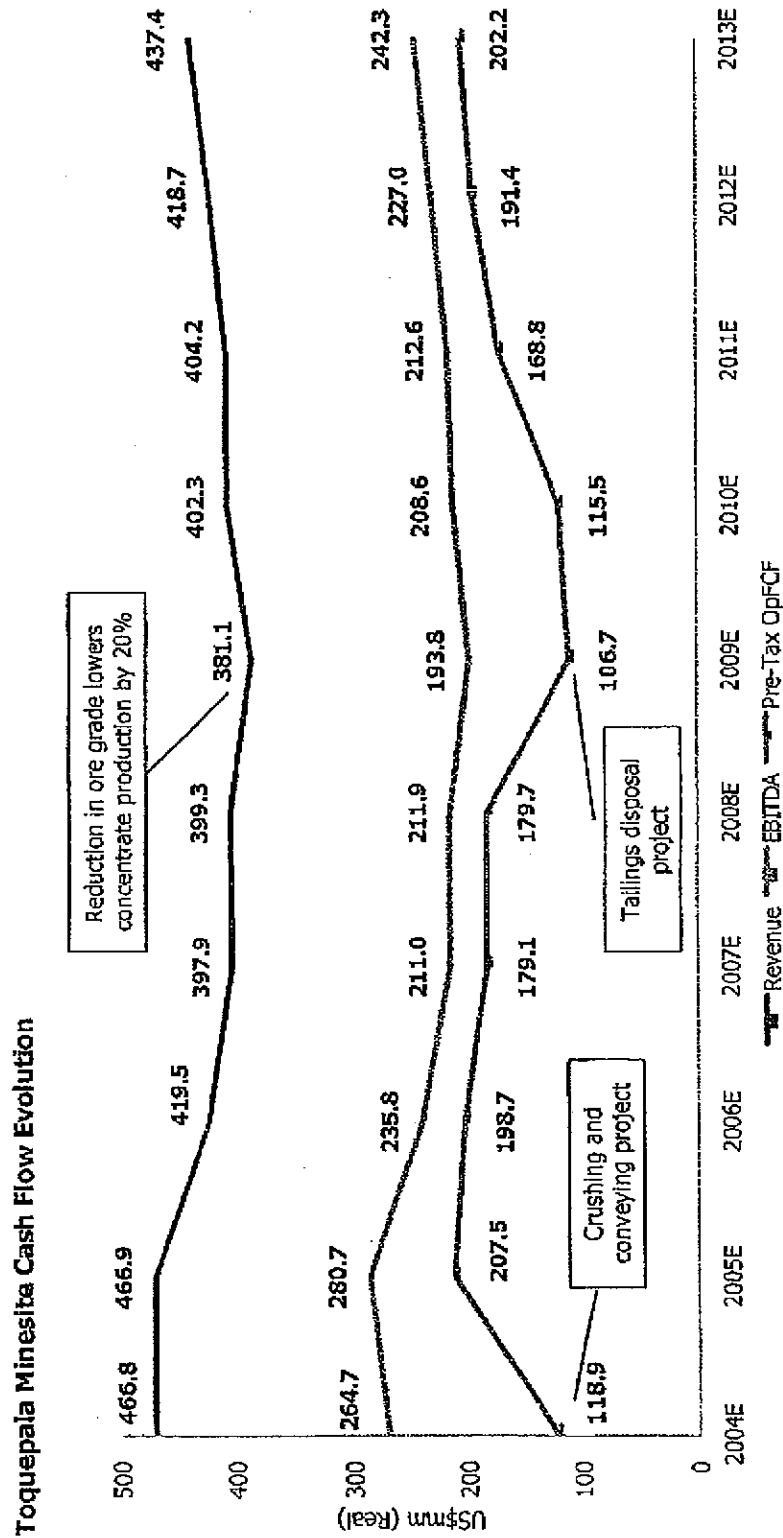


- SX-EW crushing and conveying project will increase SX-EW production and reduce cost per copper pound in the Toquepala Mine-Concentrator by ¢ 7.0/lb

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# Toquepala Minesite — Financial Projections



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## SPCC Overview

Cuajone



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# Cuajone Overview

## Description

- Cuajone started operations in 1976
  - initial capital cost of US\$726 million
  - US\$245 million expansion increased milling rate from 58 ktpd to 87 ktpd in 1999
- Based on current production levels, Cuajone is expected to close in 2039
- The Company currently transports PLS to Toquepala for processing at the SX-EW plant located there

## Expansion potential

- Construction of a 22ktpy SX-EW plant
- Concentrator expansion to 140 ktpd

## Reserves

Sulfites (mt)	1,123
Avg. Cu Content (%)	0.64
Avg. Moly Content	0.02
Leachable (mt)	58.6
Avg. Cu Content (%)	0.41

Source: SPCC

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Cuajone Concentrator



## Operating Statistics (2003)

Total material moved (mt)	97.5
Ore milled (mt)	29.8
Concentrate produced (kt)	710.0
Copper in concentrate (kt)	184.5
Molybdenum produced (kt)	4.9

## Major Equipment

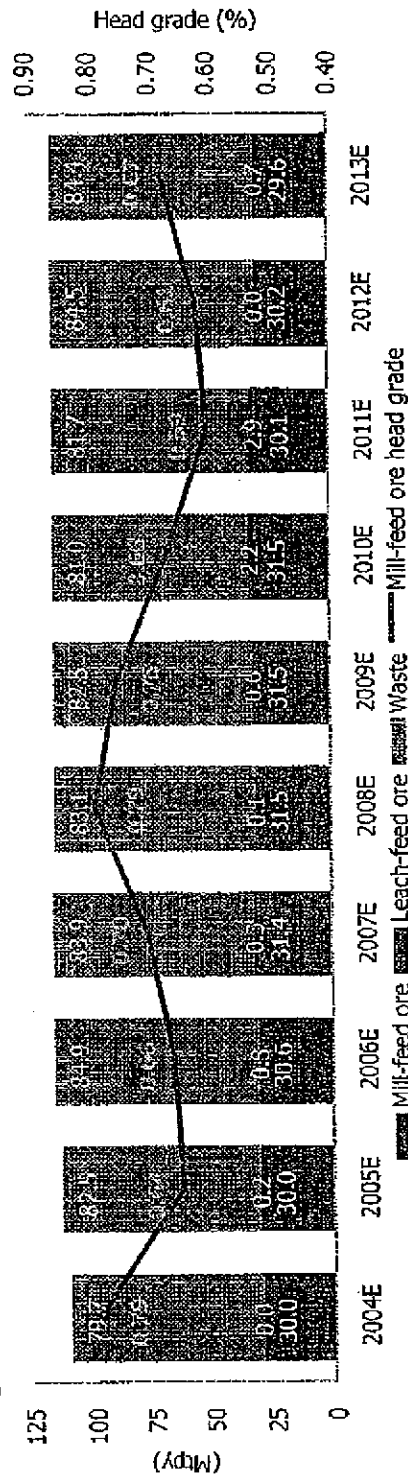
Shovels (21-66 tons)	4
Haul Trucks (109-218 tons)	30
Electric Drills	3

Source: SPCC

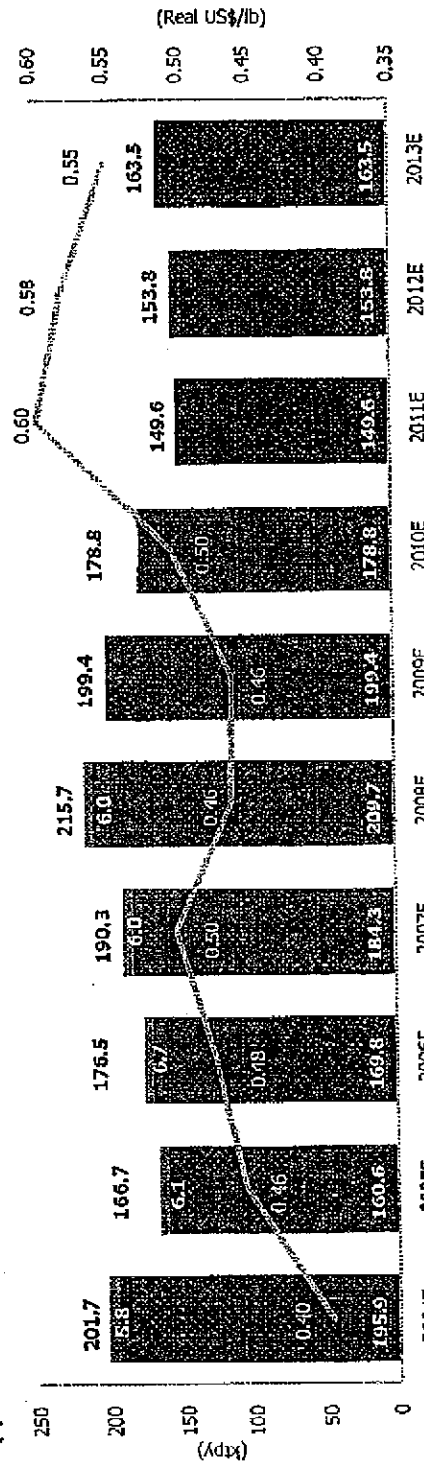
# Cuajone Minesite — Mining Plan

## 300-317 kt/yr mining plan

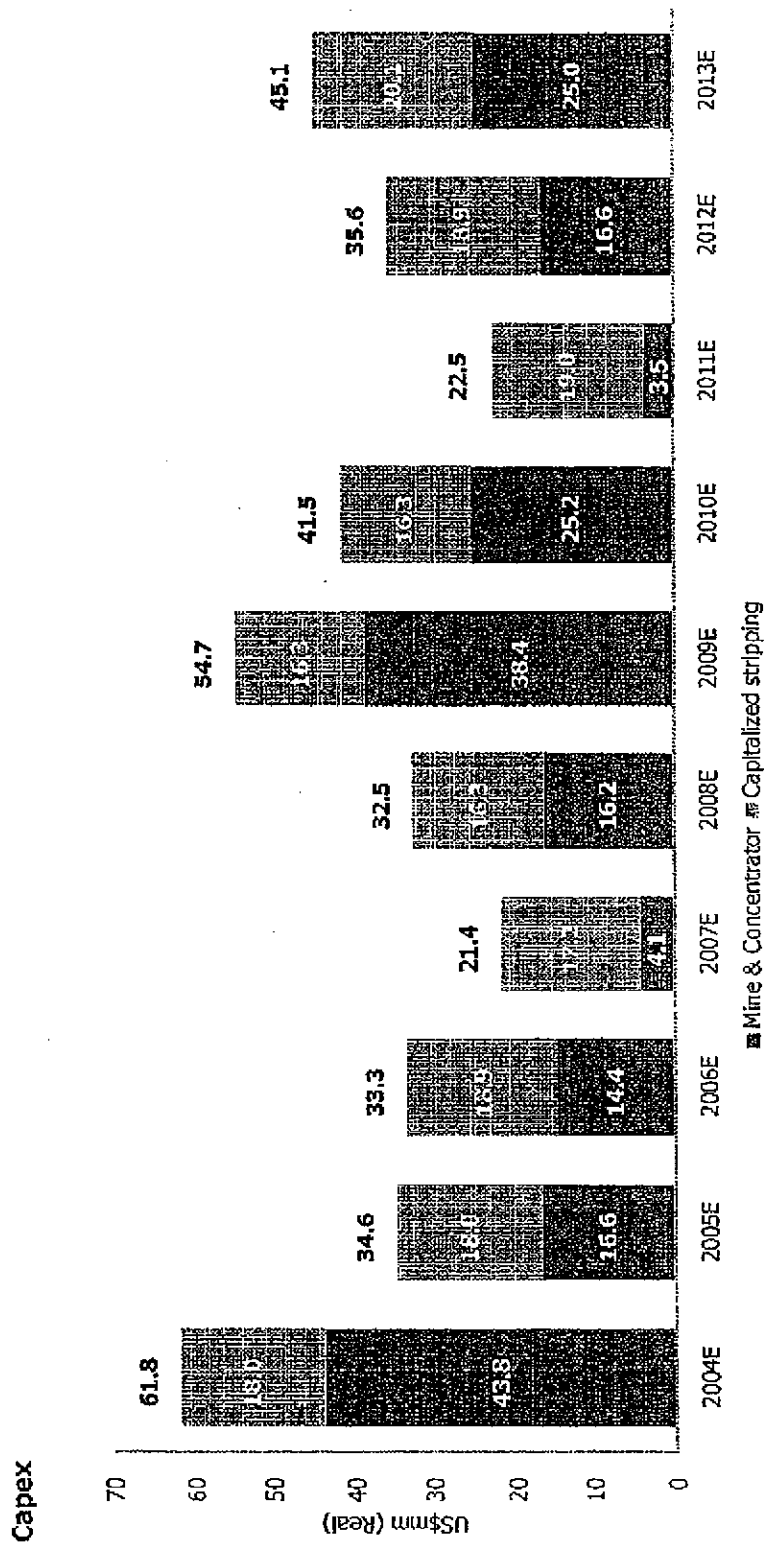
### Mining Plan



### Copper Production and Unit Cost



# Cuajone Minesite — Capital Investments

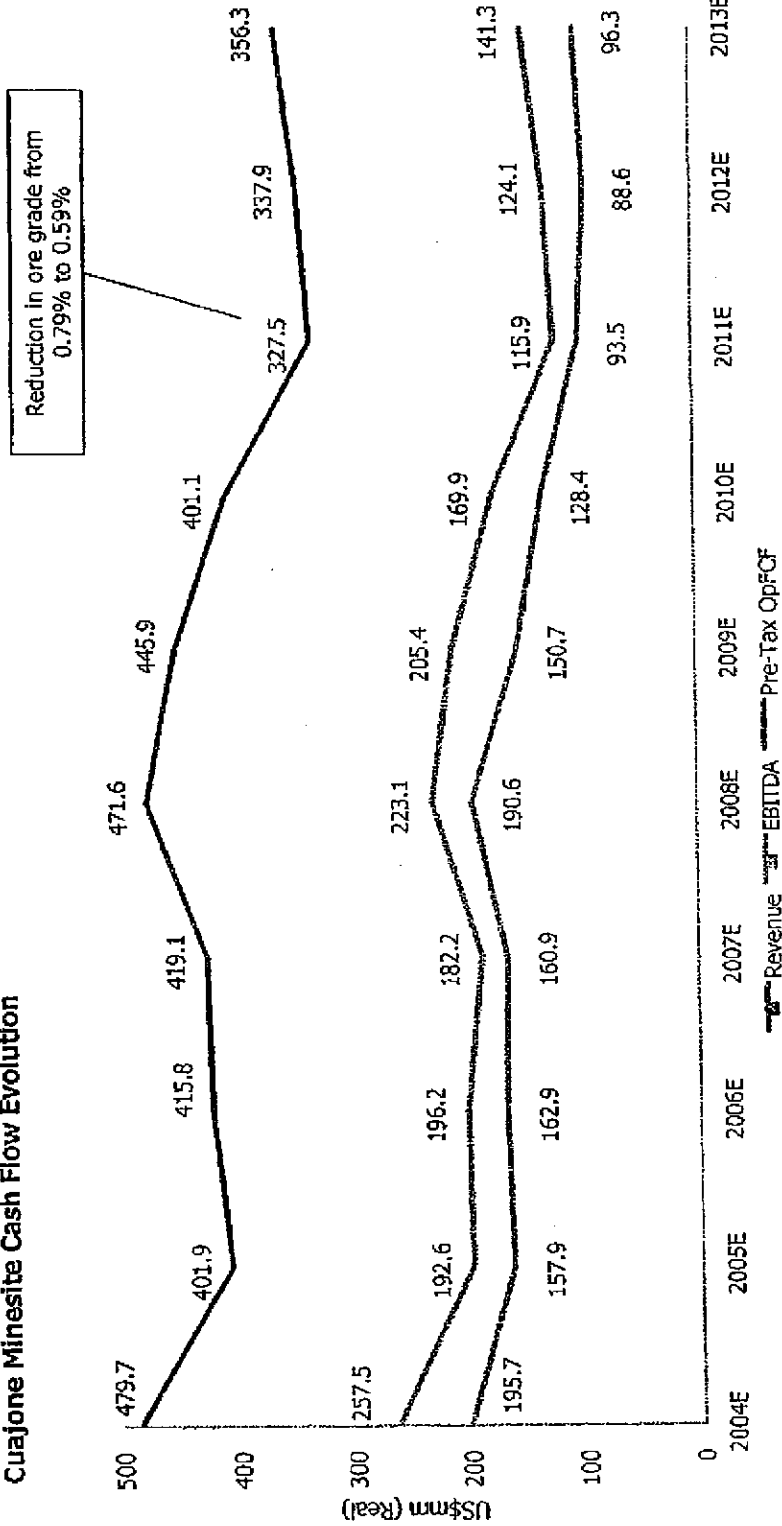


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# Cuajone Minesite — Financial Projections

Cuajone Minesite Cash Flow Evolution



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## SPCC Overview

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# Ilo Metallurgical Complex — Overview

## Description

- The Ilo smelter was commissioned in 1961 to process concentrate from Toquepala
  - In 1977 capacity was expanded to treat concentrate from Cuajone
  - in 1995, SPCC built a Teniente converter, an oxygen plant and an acid plant
  - in 1996 the acid plant was expanded to increase sulphur recovery from 18% to 32%
- SPCC has adopted a policy of reducing production based on the readings SO<sub>2</sub> monitors
- The Ilo refinery was commissioned in 1975
- SPCC acquired the refinery from Minero Peru in 1994 for US\$65 million and US\$20 million in committed investments
  - reduced SPCC's production cost by US\$0.05/lb

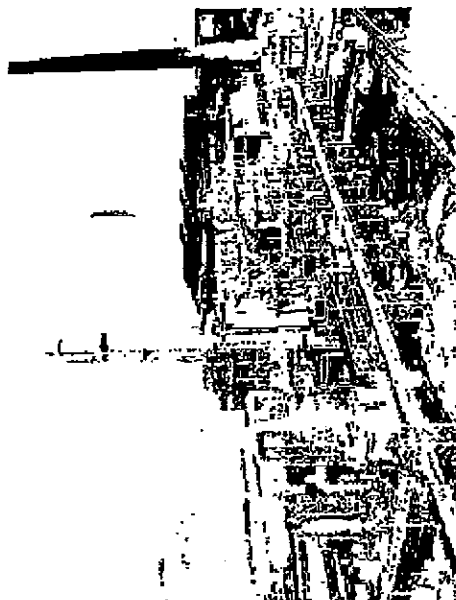
## Expansion

- The smelter upgrade under construction will increase capacity marginally to 1.2 Mtpy
- Phase II of the Ilo Modernization Project contemplates an expansion of the smelter to 1.7 Mtpy and a 80 ktpy capacity increase at the refinery to 360 ktpy

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Ilo Acid Plant



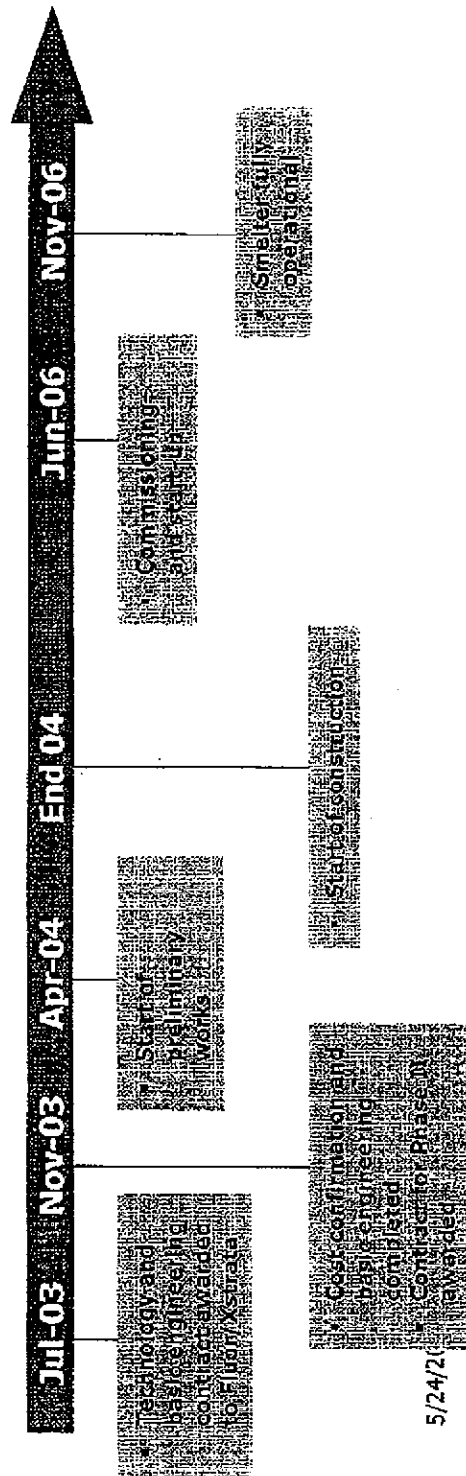
Copper Smelter	concentrate	1,180 ktpy
	blister	320 ktpy
Copper Refinery	anode	350 ktpy
	cathode	280 ktpy
Precious metals Refinery	silime	350 tpy
	silver	3.6 Mot
	gold	27.0 kot
Sulfuric Acid Plant	acid	350 ktpy

Source: SPCC

## Smelter Modernization

The Project will increase sulphur emissions recapture to 95%, before the 2007 deadline agreed with the Company's Environmental Compliance and Management Program ("PAMA")

- In 1997, the Peruvian Government approved PAMA, which outlined environmental investments to be made by SPCC for its mining and processing operations
  - the smelter modernization project is the only outstanding obligation of SPCC
- The smelter modernization is expected to cost approximately US\$330 million and will use ISASMELT technology developed in Australia
  - stationary vertical furnace to smelt copper concentrate
  - 4 Peirce Smith converters (1 new, 3 refurbished)
  - new anode, acid, and oxygen plants
- Capacity will increase from 1.18 Mtpy to 1.2 Mtpy and the smelter will produce anode instead of blister



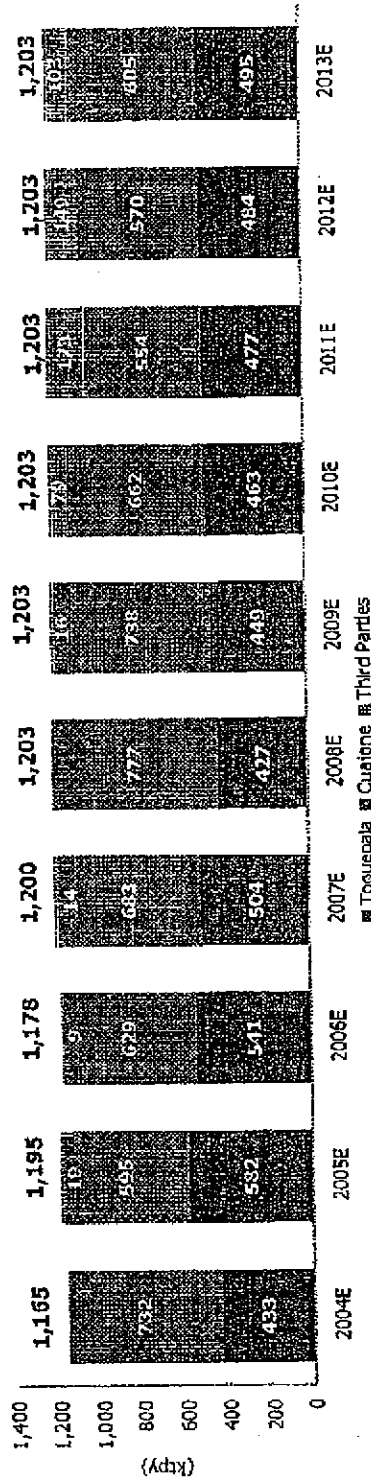
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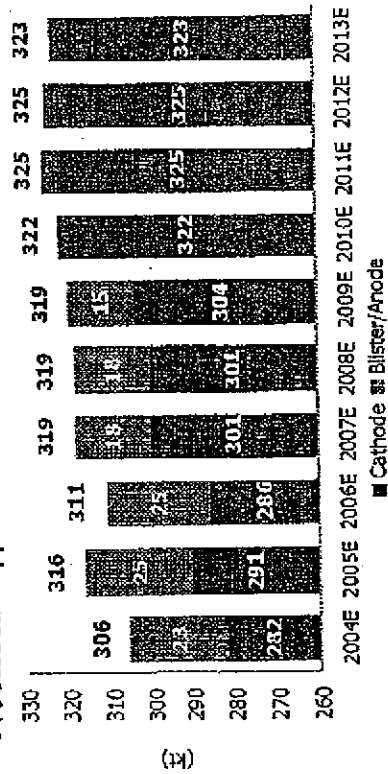
# Ilo Metallurgical Complex — Operating Projections

Shift towards higher value-added products: cathode and copper rod

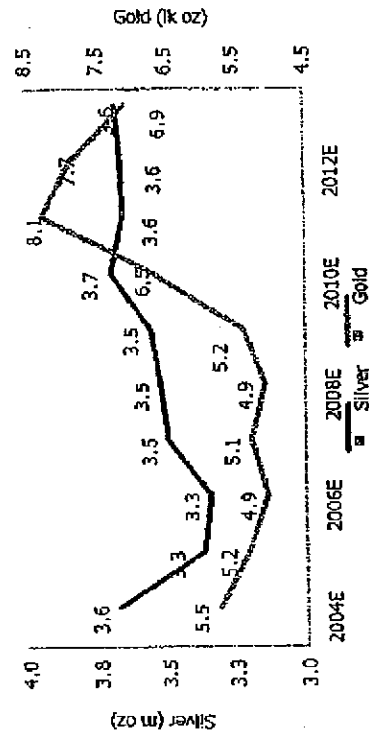
Copper Concentrate Processed



Processed Copper Production



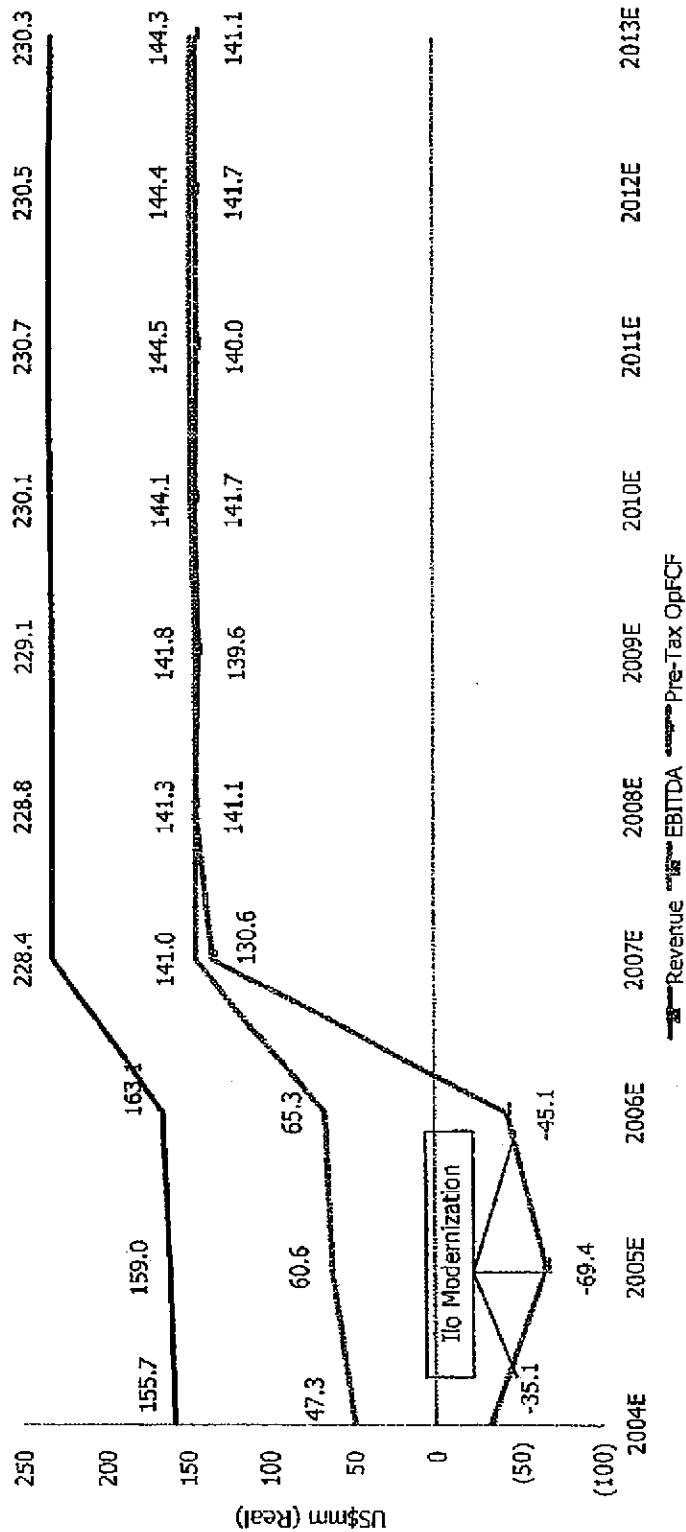
Refined Silver and Gold Production



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# Ilo Metallurgical Complex — Financial Projections

Metallurgical Complex Cash Flow Evolution

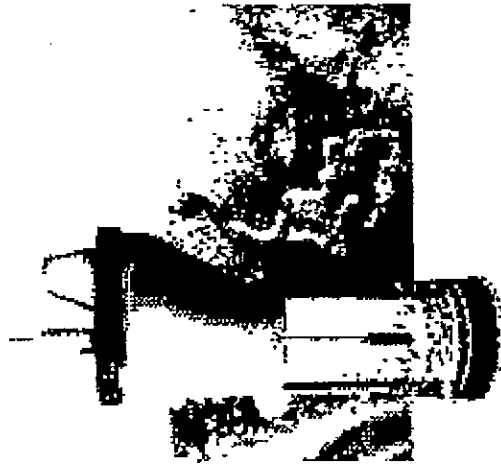


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## **SPCC Overview**

## **Projects**



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# Projects

## Toquepala

- Crushing and conveying of leacheable material - \$ 69 million
- Possible expansion from 60,000 to 90,000 MTPD - \$ 525 million

## Quajone

- Possible expansion from 87,000 to 140,000 MTPD - \$ 600 million
- Possible 22,000 MTPY SX EW plant -- \$ 50 million

## Ilo

- Smelter modernization to 1.2 MMTPY - \$ 330 million
- Modernized smelter expansion to 1.7 MMTPY - \$ 400 million
- Refinery expansion from 280,000 to 360,000 MTPY - \$ 50 million

## Other

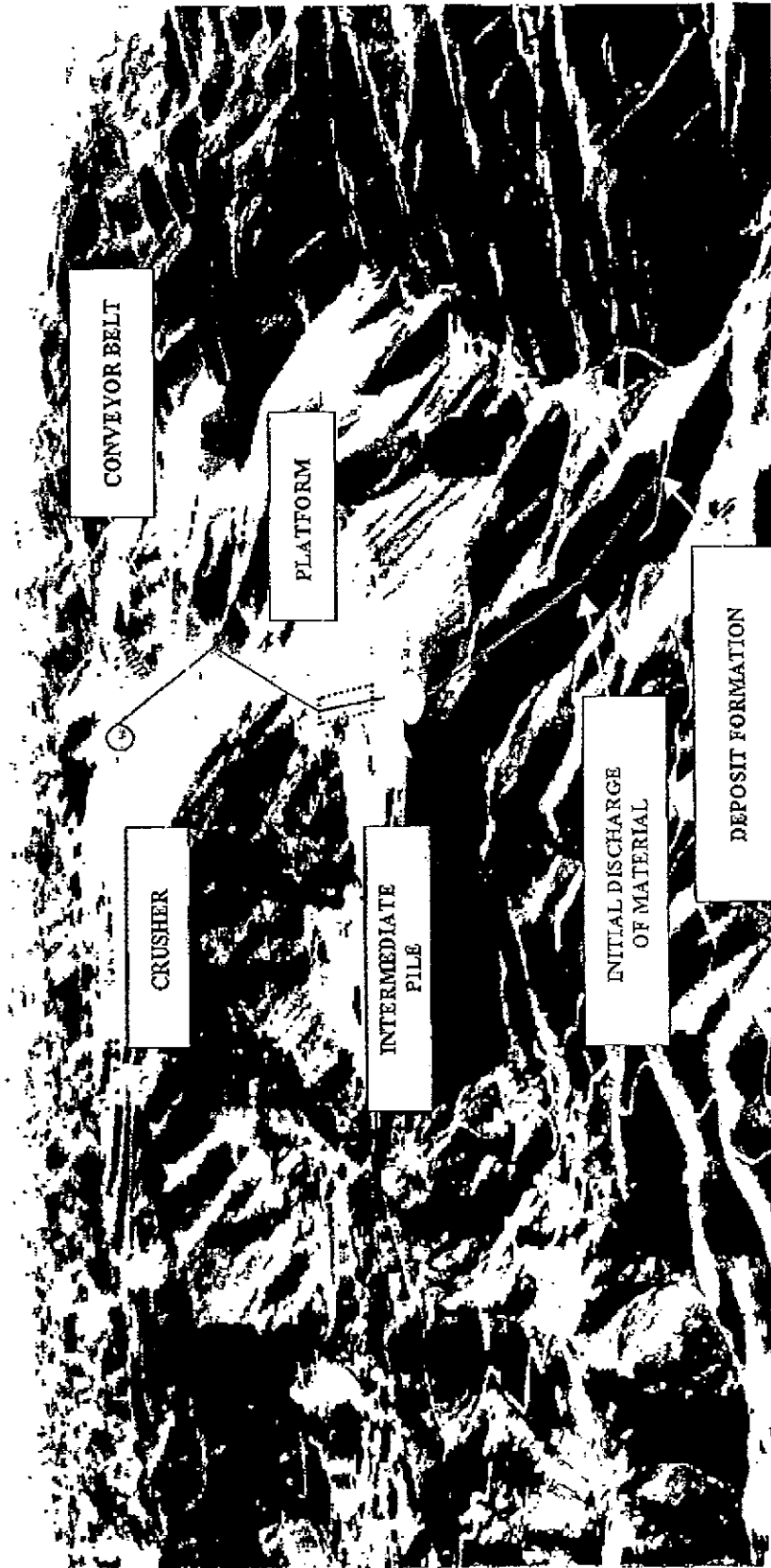
- Los Chancas - \$ 1,000 million
- Tía María - \$ 150 million

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# SX EW Crushing and Conveying Project

TOQUEPALA MINE



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# Toquepala Expansion from 60,000 a 90,000 MTPD

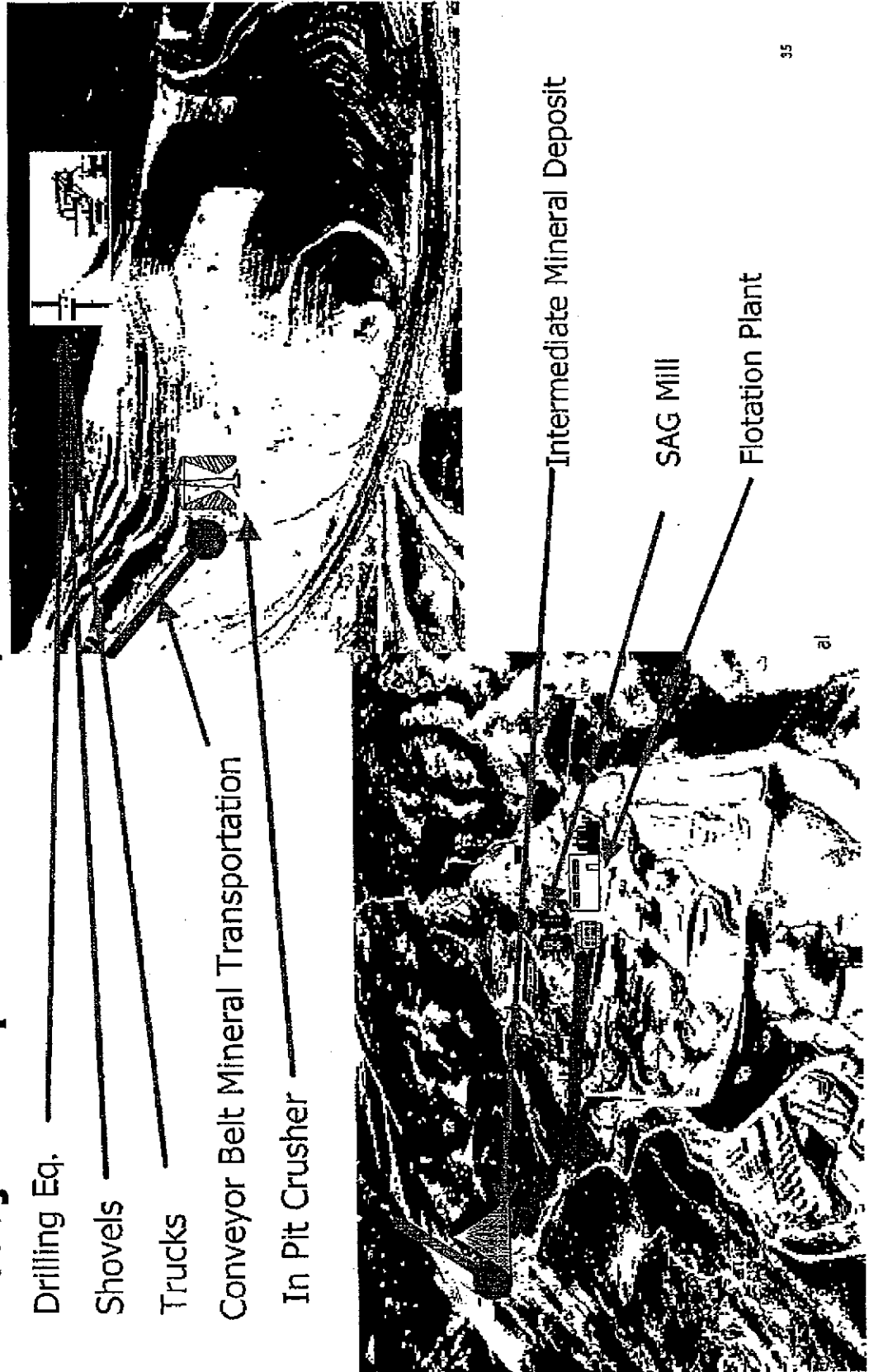


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# **Cuajone Expansion from 87,000 to 140,000 MTPD**



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**SX EW Cuajone**



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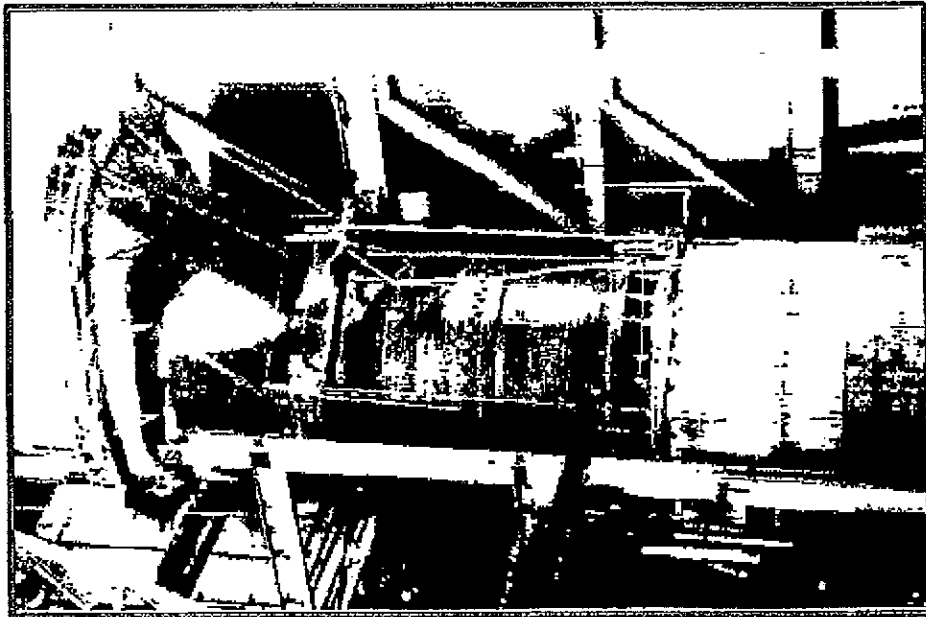
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## Ilo Smelter – Isasmelt Technology



- It will replace 2 rebers and the CMT
- Possible Expansion to 1'700,000 MTPY
- New product: anodes
- ¢ 2 cost reduction at refinery

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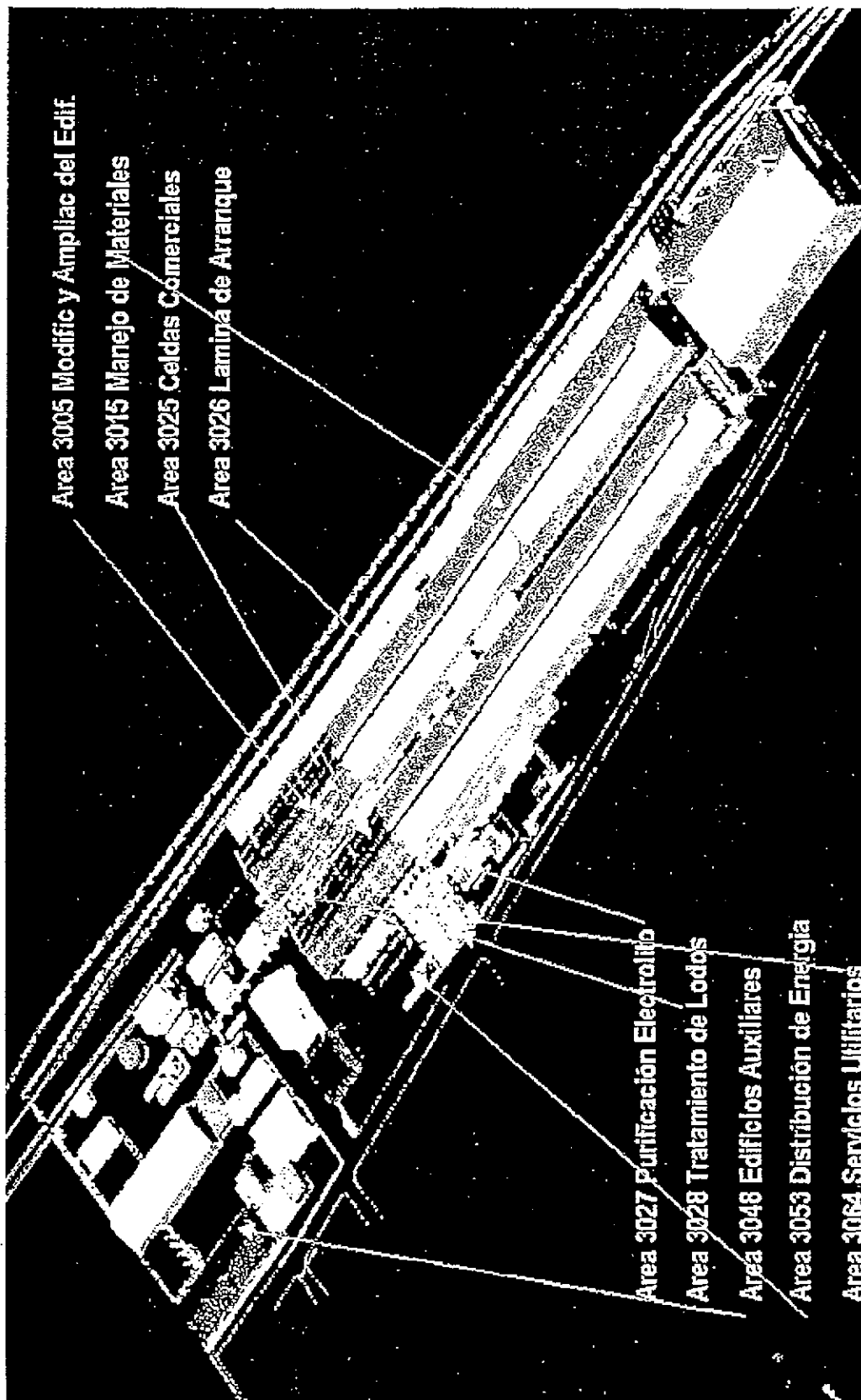
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# Ilo Refinery - Expansion from 280K to 360K MTPA



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## Projects

### Los Chancas

- Conventional flotation and SX-EW project, located in Huancavelica
- Estimated reserve of 590 mt of ore + 425 mt Ox
- Estimated Capex = \$ 1,000 million
  - 70,000 MTPD Concentrator
  - 42,000 MTPY SX EW plant
  - 2 year pre-operational stripping
- Grades:
  - Copper = 0.51% ore; 0.61% Ox
  - Molybdenum = 0.04%
  - Gold = 0.123 gr per MT of mineral
- Estimated life of 25 years



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## Projects

### Tía María

- SX-EW project in Arequipa
- Estimated reserve of 150 mt Ox
- Estimated Capex = \$ 150 million
  - 42,000 MTPY SX-EW plant
- Copper grade = 0.35%
- Recovery = 70%
- Estimated life of 10 years

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# Operating and Financial Projections



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# Operating Projections

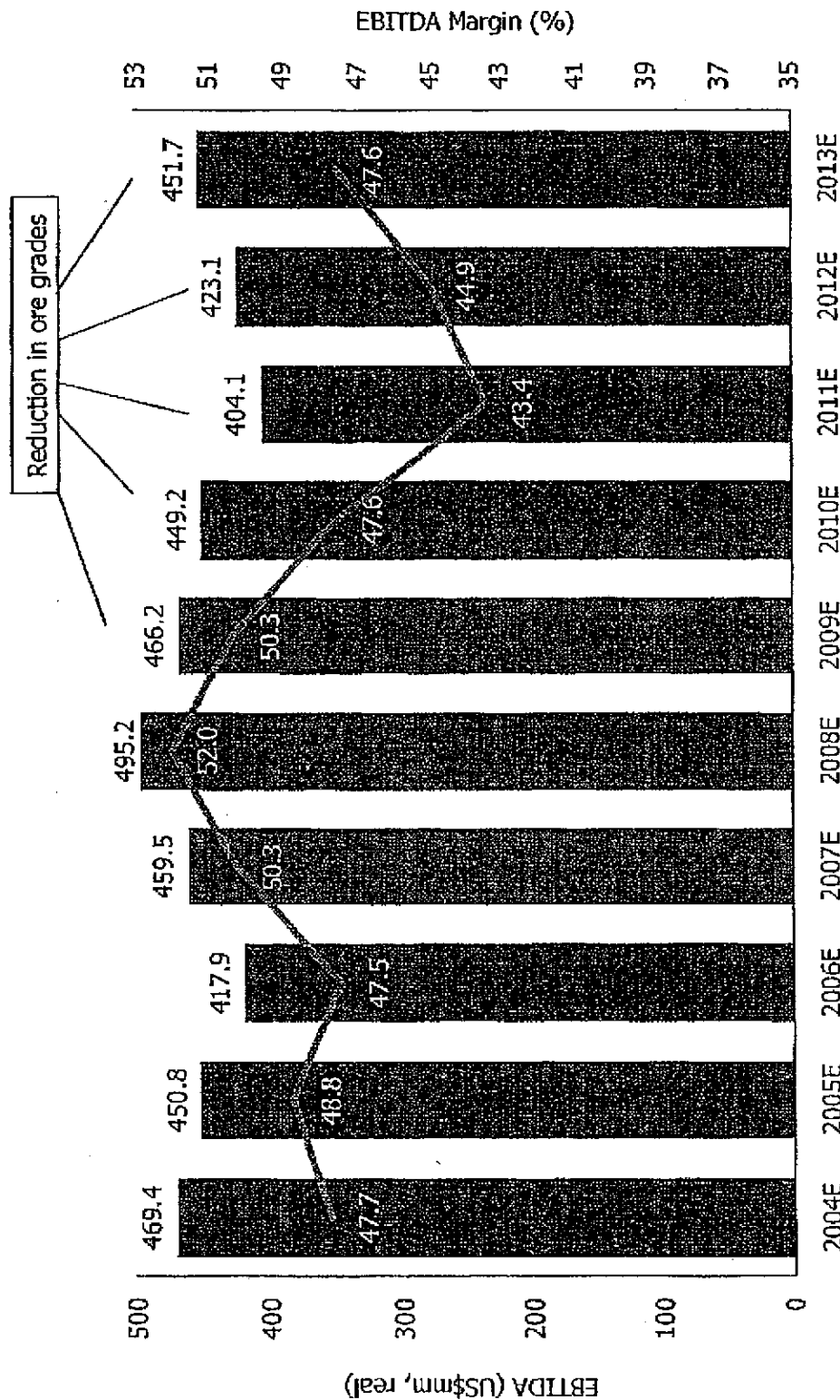
(unit)	2004E	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
<b>Prices</b>										
Copper	US\$/lb	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Molybdenum	US\$/lb	6.00	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90
Silver	US\$/oz	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Gold	US\$/oz	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00
<b>Sales</b>										
Copper Concentrate	kt	29.5	-	-	18.3	-	-	-	-	-
Copper Blister/Anode	kt	26.1	25.2	17.9	17.9	14.9	-	-	-	-
Refined Cathode	kt	282.2	290.7	285.7	300.5	304.2	321.7	325.4	324.5	322.8
SX-EW cathode	kt	44.4	41.7	38.9	40.7	44.6	49.4	43.9	43.1	49.6
Molybdenum	kt	7.7	9.0	6.9	8.0	8.1	8.1	7.2	8.5	8.3
Acid Plant	kt	111.0	322.8	341.0	518.0	522.8	522.8	522.8	522.8	522.8
Silver	Moz	4.3	3.6	3.6	3.7	3.7	3.7	3.6	3.6	3.6
Gold	koz	5.5	5.8	5.5	5.5	5.6	6.5	8.1	7.7	6.9
<b>Minerals to be Mined</b>										
Toquepala	kt	21,737	21,472	21,470	21,148	21,317	21,781	21,486	21,342	21,026
Cu Head Grade	%	0.80	0.83	0.79	0.74	0.65	0.66	0.69	0.70	0.72
Cuajone	kt	30,000	30,000	30,555	31,385	31,527	31,527	30,123	30,163	29,573
Cu Head Grade	%	0.79	0.64	0.66	0.70	0.75	0.66	0.59	0.61	0.67
<b>Leach Feed Ore Mined</b>										
Toquepala	kt	10,795	25,044	58,693	80,671	81,012	80,072	21,536	52,689	53,843
Cu Head Grade	%	0.24	0.23	0.23	0.24	0.23	0.23	0.22	0.20	0.23
Cuajone	kt	-	166	261	313	67	610	2,873	-	721
Cu Head Grade	%	-	-	0.22	0.38	-	-	0.30	0.30	0.30

Source: SPCC

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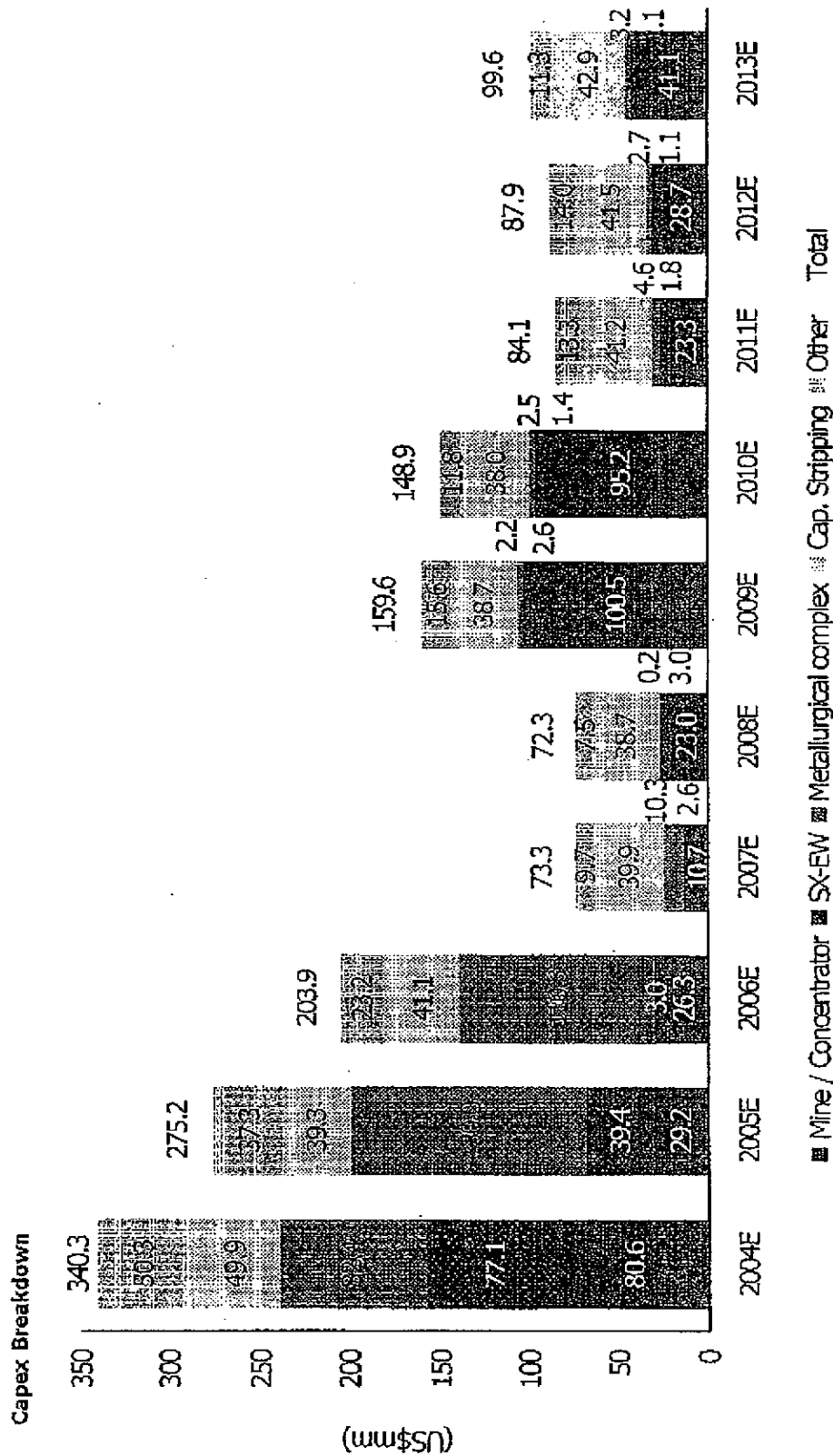
# EBITDA Evolution



Source: SPOC  
 Prices: molybdenum US\$ 4.90/lb (2005 and on); silver US\$5.50/oz; gold US\$350/oz

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# Capital Expenditures



Source: SPOC

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# SPCC Financial Projections

(US\$m)	2004E	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Revenues	983.2	924.4	880.4	913.8	951.8	925.9	944.0	931.1	941.3	949.6
% Growth	23.1	15.8	10.3	14.5	19.2	16.0	18.2	16.6	17.9	19.0
Cash Costs	513.8	473.6	462.6	454.3	456.8	459.7	494.8	526.9	518.2	498.1
EBITDA	469.4	450.8	417.9	459.5	495.2	466.2	449.2	404.1	423.1	451.7
% Margin	47.7	48.8	47.5	50.3	52.0	50.3	47.6	43.4	44.9	47.6
% Growth	61.6	(4.0)	(7.3)	10.0	7.8	(5.9)	(3.6)	(10.0)	4.7	6.8
Net Income	244.8	223.5	201.3	213.4	239.5	220.6	208.3	177.7	194.6	217.0
Capex	290.4	235.9	162.8	33.4	33.6	120.9	110.9	43.0	46.5	56.7
Capitalized Stripping Cost	49.9	39.3	41.1	39.9	38.7	38.7	38.0	41.2	41.5	42.9
Total Capital Investments	340.3	275.2	203.9	73.3	72.3	159.6	148.9	84.1	87.9	99.6
CBFSD <sup>1</sup>	150.7	37.4	132.2	302.8	302.0	184.4	198.0	233.2	271.5	272.3
Dividend Payment	-	(115.3)	(104.2)	(106.0)	(117.3)	(113.5)	(106.5)	(93.3)	(95.9)	(106.5)
Debt Service <sup>2</sup>	(78.7)	(49.0)	(55.6)	(102.4)	(47.6)	(45.9)	(39.6)	(29.9)	(12.0)	(10.6)
Cash Flow after Debt	72.0	(126.8)	(27.6)	94.4	137.1	25.0	51.9	109.9	163.6	155.3
New Debt	40.0	-	-	-	-	-	-	-	-	-
Cash and Equivalents	401.7	261.6	219.4	313.8	450.9	475.8	527.8	637.6	801.2	956.5
Total Debt	329.0	296.7	256.2	165.7	126.2	84.7	48.7	20.9	10.0	0.0
Net Debt	(72.7)	35.1	36.8	(148.1)	(325.7)	(391.2)	(479.1)	(616.7)	(791.2)	(956.5)
CFBDS/DS	1.9	0.8	2.4	3.0	6.3	4.0	5.0	7.8	22.6	26.0
EBITDA/Int. Expense	25.1	24.2	22.4	24.6	26.5	25.0	24.1	21.7	22.7	24.2
Net Debt/EBITDA	(0.2)	0.1	0.1	(0.3)	(0.7)	(0.8)	(1.1)	(1.5)	(1.9)	(2.1)
Net Debt/(EBITDA-Capex)	0.4	(0.2)	(0.1)	0.3	0.7	1.1	1.4	1.7	2.1	2.4
(EBITDA-Capex)/Int. Expense	9.6	11.5	13.7	22.8	24.7	18.5	18.1	19.4	20.2	21.2

Notes:

1. 5/28/2004 Debt service and dividends. Defined as cash from operating activities (excluding interest expense) less cash from investing activities, less dividends
2. Capital plus interest payments

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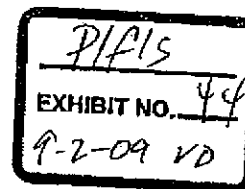


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Goldman, Sachs & Co.

June 11<sup>th</sup>, 2004

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- II. Analysis of Historical Financial Information
- III. Public Market Analysis
- IV. Merger Market Analysis
- V. Discussion of Minera México Projections
- VI. Contribution Analysis
- VII. Credit Considerations
- Appendix A: Information on Assets Being Evaluated

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## I. Process Update and Executive Summary

## Executive Summary and Process Update

- A more detailed term sheet ("Term Sheet") describing the transaction was received on May 7<sup>th</sup>, 2004 from Grupo México S.A. de C.V. ("Grupo México" or "GM")
- Anderson & Schwab ("A&S"), the mining consultants, have visited the assets for both Minera México S.A. de C.V. ("Minera", "Minera México" or "MM") and Southern Peru Copper Corporation ("SPCC") and have provided revised assumptions to the Minera México projections based on the outcome of such due diligence
- The attached materials contain a preliminary analysis of MM from various perspectives, including:
  - Public market comparison
  - Discounted cash flow analysis based on projections provided by MM management as revised by A&S
  - GM sum of the parts market valuation
  - The preliminary analysis of MM also takes into account US\$150mm of non-operating assets (mostly real estate) as provided by MM, elimination of duplicative management fees in the amount of approximately US\$7mm per year and estimated net operating losses and savings from withholding tax in the amount of approximately US\$320mm
  - Subject to further review by A&S, no value has been ascribed to synergies related to vertical integration and improved utilization of metallurgical complexes at MM, valued by GM at US\$297mm on a net present value basis. No transaction costs have been included either
  - A contribution analysis of MM and SPCC is also included in the presentation using, at this stage, the current share price of SPCC as a valuation reference. This assumption may change once the review of the SPCC projections is completed
  - The attached materials do not take into account at this stage any legal due diligence findings that may affect the economic liability profile of MM nor any consequence of not acquiring 100% of MM
- Due diligence process is still ongoing with various areas of focus including reconciliation of revised budget for 2004 for SPCC as per GM investor presentation, overall tax position of MM and life of mine plan for SPCC
- Goldman, Sachs & Co. ("GS", "Goldman Sachs") and A&S will get back to the Committee with additional observations from outstanding due diligence items in the very near future and in anticipation of a Special Committee meeting to be held ahead of the SPCC board meeting of July 21, 2004

## Summary of Grupo México Term Sheet

- On May 7<sup>th</sup>, 2004, Grupo México provided the Special Committee of Disinterested Directors ("Special Committee") of Southern Peru Copper Corporation with a more detailed term sheet:
  - Proposed value of Minera México of US\$4,300 mm, comprised of an equity value of US\$3,147 mm and assumption of US\$1,153 mm of net debt as of April 2004
  - "The number of SPCC shares to be issued in respect to the acquisition of Minera México would be calculated by dividing 98.84% of the equity value of MM by the 20-day average closing share price of SPCC beginning 5 days prior to closing of the transaction"
  - Proposals regarding corporate governance and protection of minority shareholders
    - "SPCC will remain subject to Delaware law and the rules of the NYSE. Specifically, pursuant to NYSE rules, SPCC will maintain an audit committee consisting of 3 independent directors. In addition, Delaware law provides specific protection to minority stockholders. For instance, under Delaware law, the Board of Directors owes its fiduciary duties to all stockholders and may not favor any one stockholder in its deliberations. Delaware law also provides that the Board of Directors comply with certain procedural requirements in connection with related party transactions so as to ensure the fairness of a related party transaction to SPCC"
    - Terms and conditions for the assumption or other treatment of MM's debt
      - "The proposed structure contemplates that New SPCC will assume all of Minera México's debt outstanding at closing. GM has secured a commitment from UBS to provide financing to New SPCC, with a 6-year Bullet Facility of up to US\$500 million, a 7-year Term Loan Facility for up to US\$400 million, and a US\$75 million 5-year Revolving Credit Facility, undrawn at closing. Given that the expected amount of bank debt and Secured Export Notes at closing will be lower than US\$900 million, the balance of the facilities could be used to refinance additional indebtedness if appropriate"
  - Additional terms for potential re-financing have not been disclosed

Source: Quotes from Term Sheet provided by Grupo México on May 7<sup>th</sup>, 2004.

## Summary of Grupo México Term Sheet

(continued)

- Proposed structure and tax implications
  - "The transaction has been structured as a tax-free reorganization in the US and Mexico"
- Proposed Structure for Creating a Single Class of Common Stock
  - "We expect SPCC will seek to obtain stockholder approval to issue the additional shares to be issued to AMC in connection with the proposed transaction. At that time, we also expect that SPCC will seek to obtain the appropriate stockholder approvals for the conversion of the Class A Common Stock into a single class of common stock."
- Proposals Regarding Liquidity for Minority Shareholders
  - "The one class registered share will enhance its liquidity with a solid story to tell based on size, reserves, and one of the lowest unitary cost within the industry. Minority shareholders could have the possibility to address the market, including a shelf registration or a fully marketed secondary offering"

Source: Quotes from Term Sheet provided by Grupo Mexico on May 7<sup>th</sup>, 2004.



# Preliminary Analysis of Financial Aspects of Term Sheet

## MM Proposed Valuation at Different SPCC Share Prices

(US\$ in millions, except per share data)

	SPCC Share Price				
	9-Jun-2004	4-Feb-2004	3-Feb-2004	Avg. 1 month Prior to Announcement - February 8, 2004	
<b>SPCC Public Market Valuation</b>					
SPCC Share Price	Current	Affected Price	Unaffected Price		
SPCC Number of Shares Outstanding (mm)	\$30.90	\$38.01	\$41.40	\$48.88	
SPCC Implied Market Cap	80	80	80	80	
Net Debt (1)	\$2,474	\$3,045	\$3,316	\$3,765	
SPCC Implied Enterprise Value	\$73	\$73	\$73	\$73	
	\$2,547	\$3,118	\$3,389	\$3,838	
<b>MM Valuation as Proposed on Term Sheet</b>					
MM Equity Value	\$3,147	\$3,147	\$3,147	\$3,147	
Net Debt (2)	\$1,153	\$1,153	\$1,153	\$1,153	
MM Enterprise Value	\$4,300	\$4,300	\$4,300	\$4,300	
SPCC Target Economic Ownership in MM (2)	88.84%	98.84%	88.84%	98.84%	
Number of Shares of SPCC to be Issued	100%	81.5	75.1	68.4	
Current Economic Ownership of Grupo Mexico in SPCC	54.2%	54.2%	54.2%	54.2%	
Pro-Forma Ownership of Grupo Mexico in SPCC	79.7%	77.4%	76.4%	75.0%	
<b>Multiple Analysis</b>					
Implied SPCC 2004 EBITDA Multiple (3)	8.0x	4.3x	6.4x	8.0x	
Implied MM 2004 EBITDA Multiple (3)	6.5x	6.3x	6.3x	6.3x	
Copper Price (US\$/lb)	1.23	1.17	1.16	1.10	
Implied SPCC Reserves (mm lbs) (4)	5,314	5,314	5,314	5,314	
Implied SPCC 2004B Copper Production (mm lbs) (3)	847	847	847	847	
Implied MM Reserves (mm lbs) (6)	55,356	55,356	55,356	55,356	
Implied MM 2004B Copper Production (mm lbs) (3)	747	747	747	747	

Source: Company Information and FactSet.

1 As of March 31, 2004.

2 As per MM Term Sheet - May 7, 2004.

3 As per Grupo Mexico management budget for 2004.

4 As per SPCC management presentation May 21, 2004.

5 Provided by MM management for 2004, includes MM&SA copper reserves.

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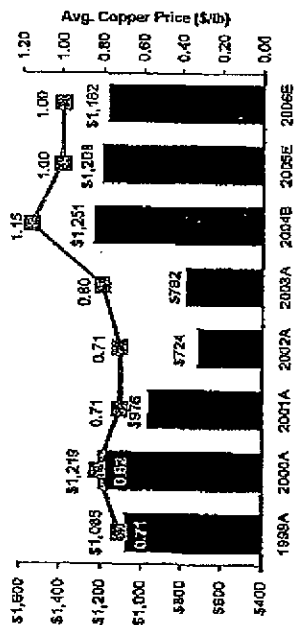
## II. Analysis of Historical Financial Information

# Historical and Projected Financial Performance

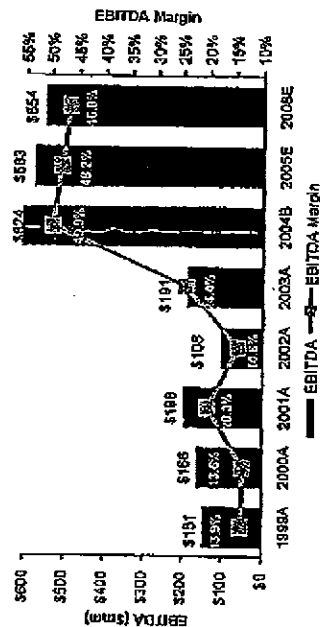
Minera México

(US\$ in millions)

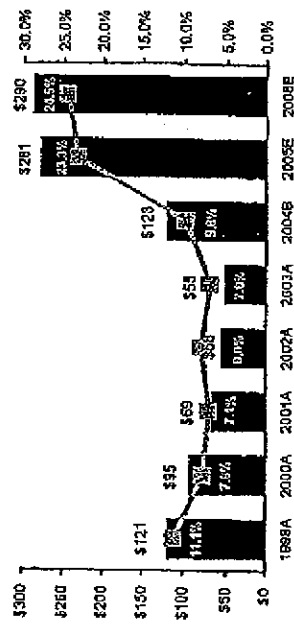
## Net Revenues



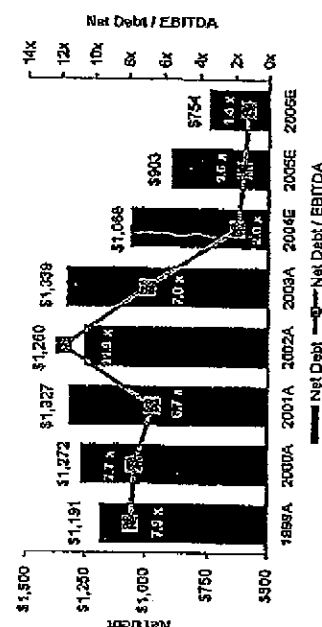
## EBITDA



## Capex and Capex as % of Net Revenues



## Net Debt



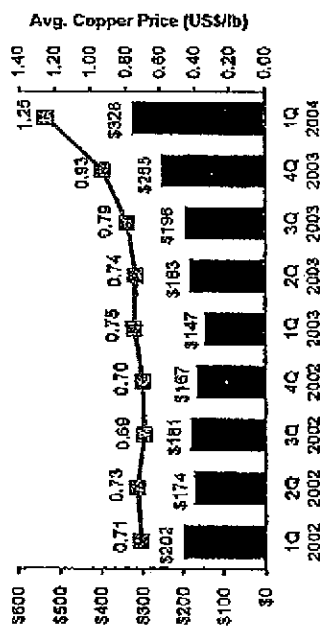
Sources: Historical information from 1999 - 2003 from Grupo Minera México's 20-Fs and Grupo México's results releases (1998, 2000 and 2001 in Mexican GAAP, 2002 and 2003 in US GAAP). 2004 Budget figures from Grupo México June 2004 investor presentation other than net debt which comes from M&M management projections. Net debt excludes minority interest. Assumes capitalization of stripping costs.

# Historical Quarterly Financial Information

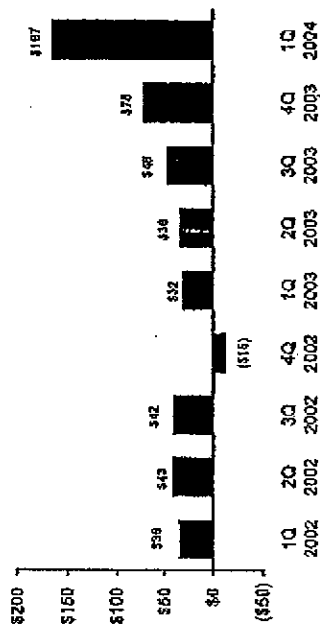
Minera México

(US\$ in millions)

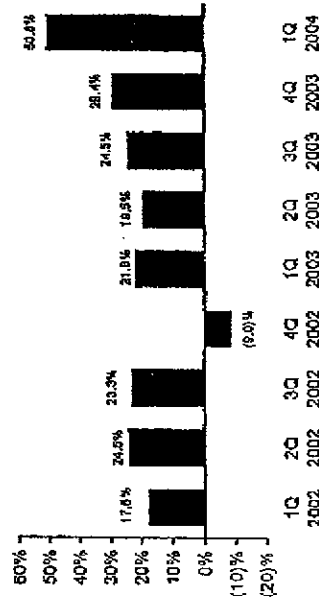
## Net Revenues



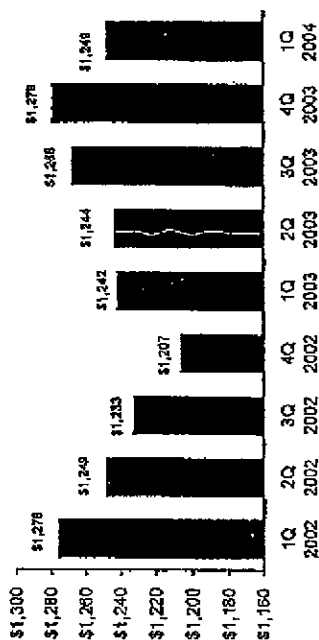
## EBITDA



## EBITDA Margin



## Net Debt<sup>1</sup>



Sources: Historical quarterly information supplied by MM; market-based. Assumes capitalization of stripping costs.

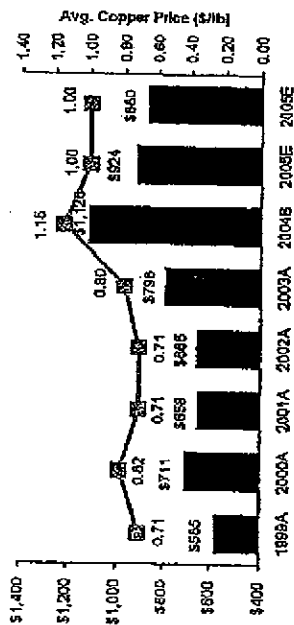
<sup>1</sup> Net debt excludes minority interest.

# Historical and Projected Financial Performance

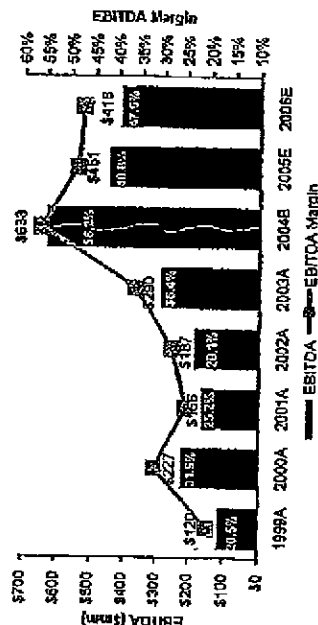
SPCC

(US\$ in millions)

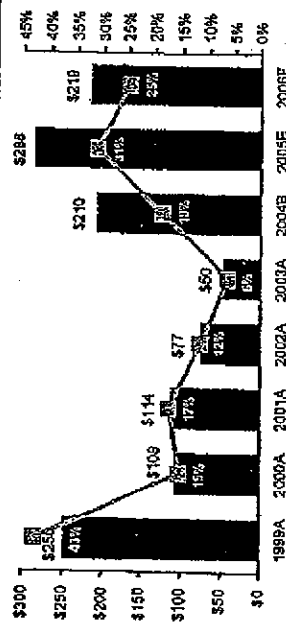
## Net Revenues



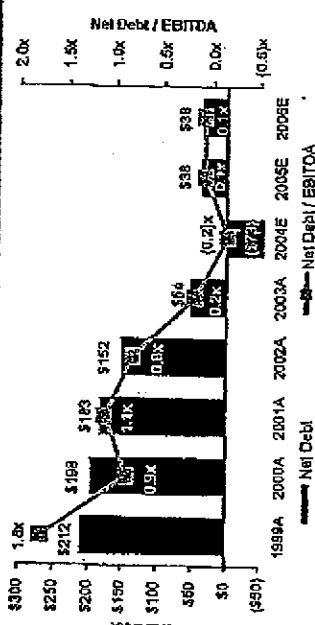
## EBITDA



## Capex



## Net Debt



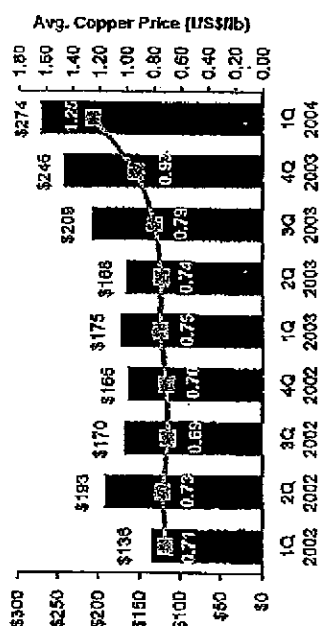
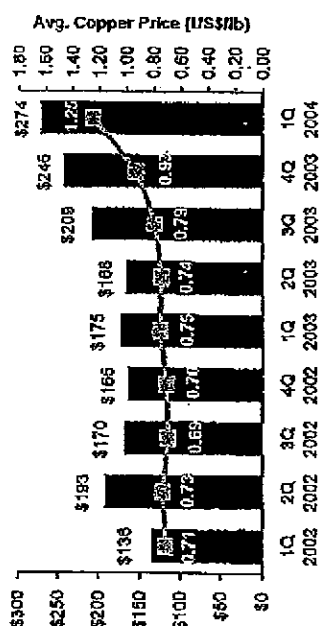
Sources: Historical information from 1999 - 2003 from SPCC results releases, 2004 Budgeted figures from Grupo M&C, June 2004 investor presentation other than net debt which comes from SPCC management, 2005 and 2006 figures from management projections. Net debt excludes minority interest. Assumes capitalization of stripping costs.

# Historical Quarterly Financial Information

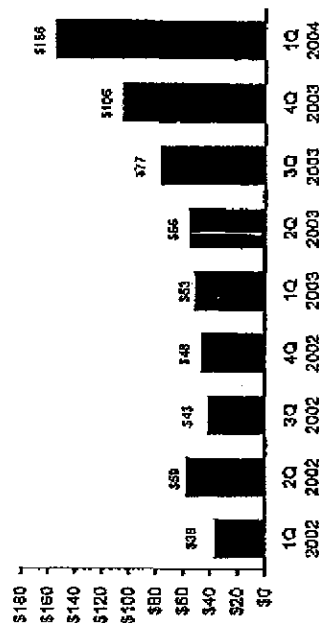
## SPCC

(US\$ in millions)

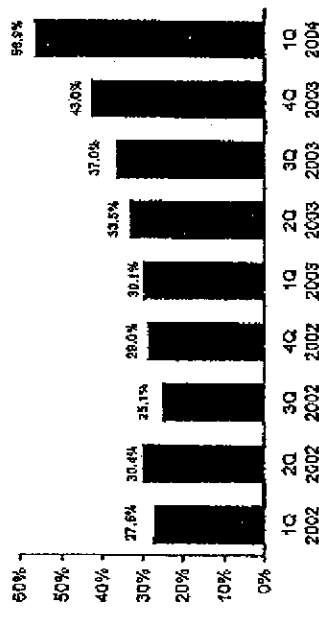
### Net Revenues



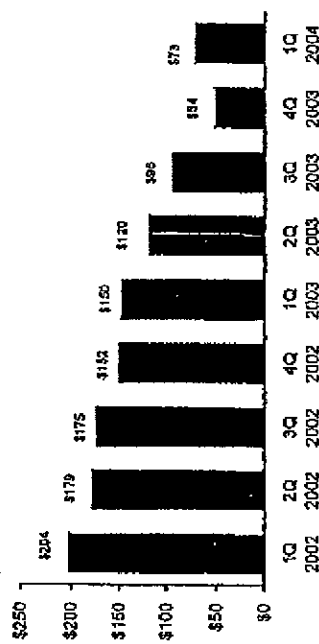
### EBITDA



### EBITDA Margin



### Net Debt<sup>1</sup>



Source: SPCC's 10Qs results releases. Assumes capitalization of shipping costs. Capex includes capitalized shipping.

<sup>1</sup> Net debt excludes minority interest.

# Preliminary Review of Estimates

(US\$ in millions, unless otherwise stated)<sup>1</sup>

## Minera México

	1Q 2004	Annualized 2004	Business Plan as Provided by MM Management in April 2004	Pro-forma Business Plan Assuming Copper Price of \$1.16 / lb and Revised Production Levels	2004 Budget as per Grupo México Investor Presentation
Copper Sales (Mt)	88.8	365.7	345	339	339.0
Net Revenues (US\$ mm)	\$328	\$1,314	\$1,140	\$1,222	\$1,251
EBITDA (US\$ mm)	\$127	\$667	\$542	\$635	\$624
EBITDA Margin	50.9%	50.8%	47.8%	52.0%	49.9%
Avg. Copper Price (US\$/lb)	1.23	N.M.	1.00	1.15	1.15
Capex (US\$ mm)	\$28	\$111	\$127	\$127	\$123

## SPCC

	1Q 2004	Annualized 2004	Business Plan as Provided by SPCC Management in May 2004	Pro-forma Business Plan Assuming Copper Price of \$1.15 / lb and Revised Production Levels	2004 Budget as per Grupo México Investor Presentation
Copper Sales (Mt)	94.8	379.2	395.0	394.0	384.0
Net Revenues (US\$ mm)	\$274	\$1,096	\$963	\$1,091	\$1,126
EBITDA (US\$ mm)	\$158	\$624	\$469	\$568	\$533
EBITDA Margin	58.9%	56.9%	47.8%	52.1%	46.2%
Avg. Copper Price (US\$/lb)	1.23	N.M.	1.00	1.15	1.15
Capex (US\$ mm)	\$40	\$161	\$346	\$346	\$210

<sup>1</sup> First quarter results as per Grupo México's results release, 2004 Budget as per Grupo México presentation to investors in June 2004. Business plans supplied by MM and SPCC management teams in April and May 2004 respectively.



III

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### III. Public Market Analysis

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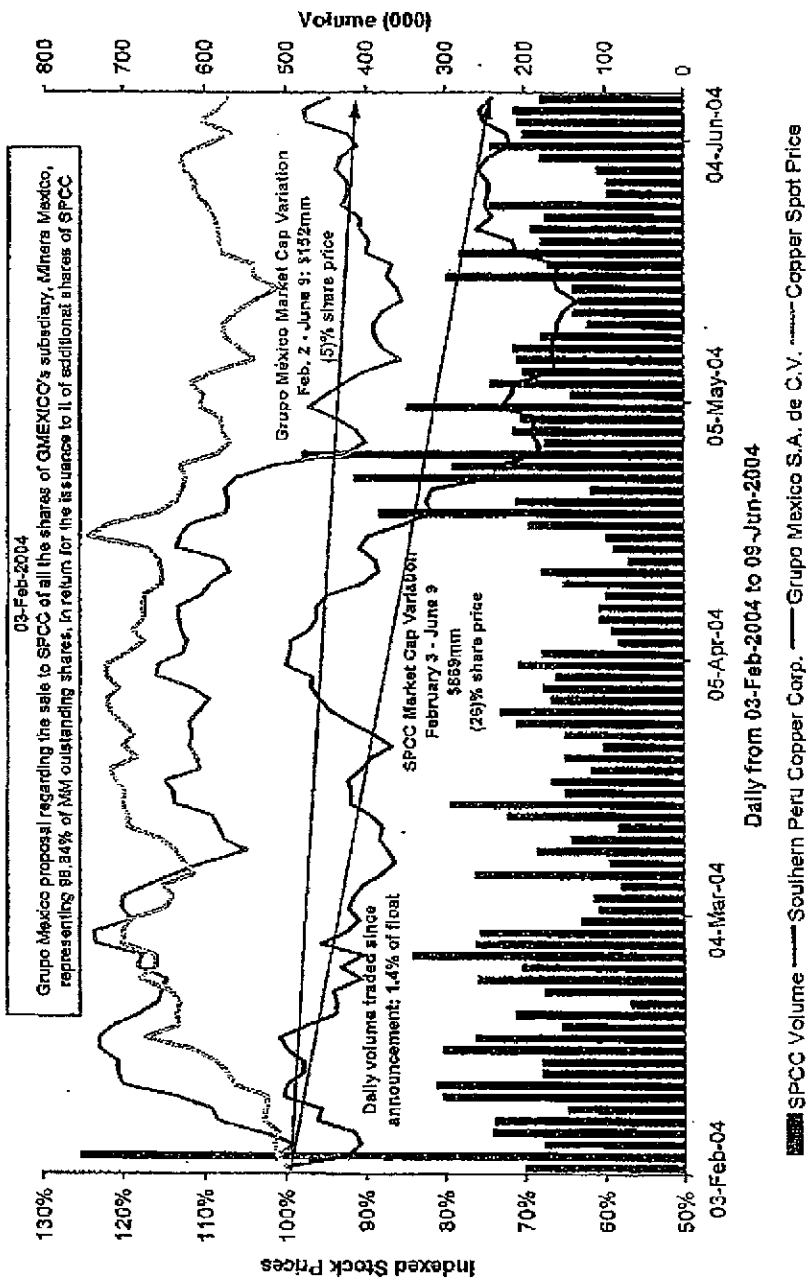
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# SPCC and Grupo México

Share Price Performance Since Announcement of Proposed Transaction<sup>1</sup>

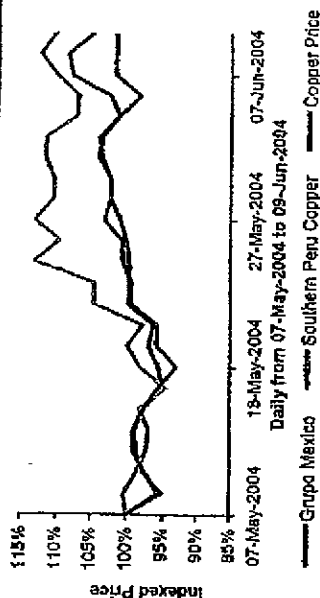


<sup>1</sup> Source: Factset.

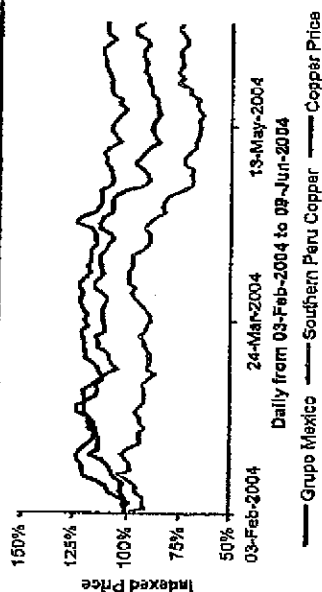
# SPCC vs. Grupo México Recent Stock Performance

As of June 9, 2004

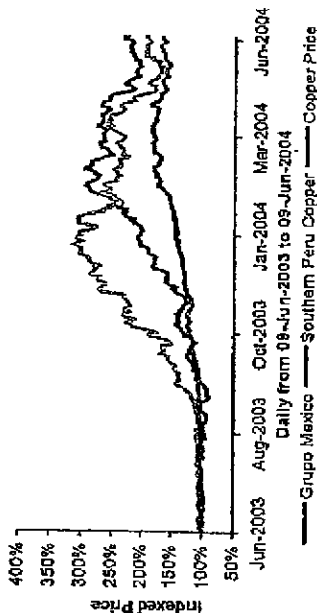
1 Month



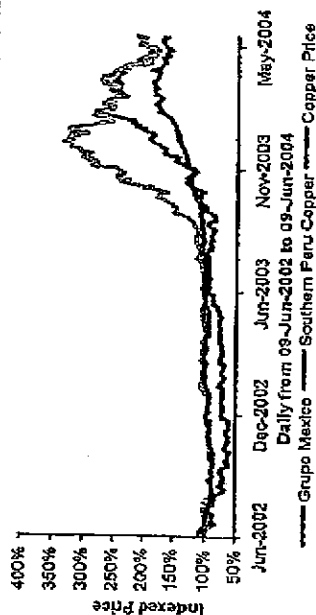
Since February 3, 2004



1 Year



2 Years



Note: GM prices in USD  
Source: Factset

**Copper Players Stock Market Performance**

As of June 9, 2004

Company	Stock Price Performance			
	2 Years	1 Years	3-Feb-2004	1-month
SPCC	105.6%	93.1%	(25.4)%	10.4%
Grupo Mexico	107.6%	125.4%	(5.4)%	5.0%
Antofagasta	83.4%	57.9%	(25.6)%	0.8%
Freeport McMoRan	52.2%	36.1%	(14.9)%	8.6%
Phelps Dodge	69.6%	78.7%	(10.8)%	8.0%
Mean	85.7%	78.3%	(16.4)%	6.5%
Median	83.4%	78.7%	(14.9)%	8.0%
Copper Prices	62.5%	61.3%	7.1%	(1.3)%

Source: FactSet  
Note: Prices in USD.

# Common Stock Comparison

As of June 9, 2004

(US\$ in millions, except per share data)

Company	Closing Price 09/02/04	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Sales				Enterprise Value Multiples (2)				Calendarized				5-Year		LTM Market (1)
					LTM				LTM				P/E Multiples (2)				EPS		
					2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	
Antecap	\$ 18.51	72 %	3,378	\$ 4,802	3.9 x	NA	NA	6.0 x	5.8	6.4	10.8 x	NA	NA	NA	NA	NA	NA	36.0 x	
Respect North (2)	31.56	87	6,345	8,184	4.0	3.6	2.5	8.4	8.1	4.0	12.0	32.7	3.4	20.0	42.5	33.3	NA	33.3	
Philips Dodge	65.18	74	6,275	7,355	1.6	1.2	1.2	7.8	3.9	3.2	14.4	7.8	7.5	NA	20.4	11.0	NA	11.0	
Southern Peru Copper (4)	50.60	81	2,474	2,558	2.6	2.3	NA	8.9	4.9	NA	8.0	8.2	8.2	NA	43.9	35.8	NA	35.8	
Grupo Mexico (5)	30.07	78	2,652	6,248	2.2	1.8	NA	9.4	3.9	NA	15.0	NA	NA	NA	94.5	14.7	NA	14.7	
High		74 %	\$ 5,345	\$ 5,184	4.0 x	3.6 x	2.5 x	8.4 x	8.1 x	5.4 x	15.0 x	32.7 x	3.4 x	20.0 x	42.5 x	36.0 x	NA	36.0 x	
Mean		89 %	\$ 4,183	\$ 5,773	2.9 x	2.2 x	1.8 x	7.6 x	6.1 x	4.2 x	12.1 x	16.2 x	8.4 x	20.0 x	38.0 x	28.1 x	NA	28.1 x	
Median		70 %	\$ 3,276	\$ 6,248	2.6 x	2.0 x	1.8 x	7.9 x	4.9 x	4.0 x	12.0 x	8.2 x	8.2 x	20.0 x	42.6 x	33.3 x	NA	33.3 x	
Low		61 %	\$ 2,474	\$ 2,558	1.6 x	1.2 x	1.2 x	8.4 x	3.9 x	3.2 x	14.4 x	7.8 x	7.5 x	20.0 x	20.4 x	11.0 x	NA	11.0 x	

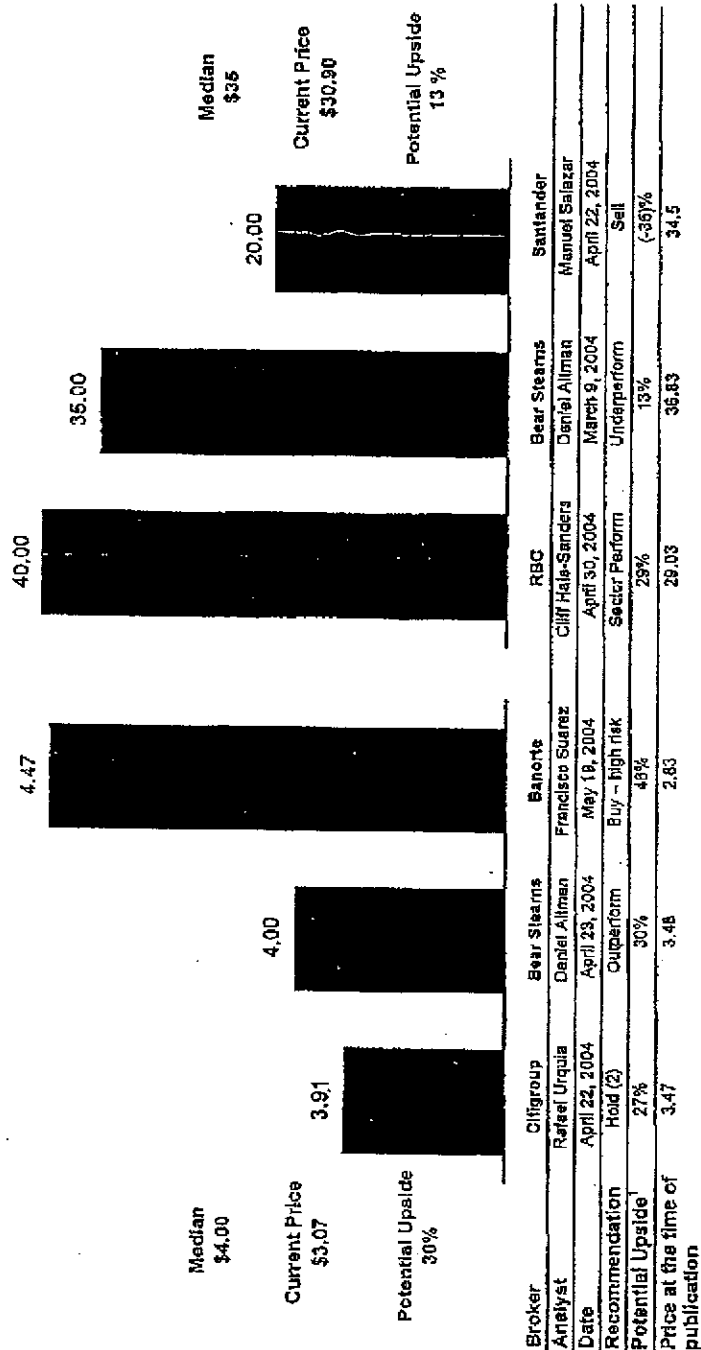
(1) Source: Latest publicly available financial data. Equity Market Cap based on closing share price. Enterprise Value based on latest available financial data. All figures are in US\$.  
 (2) Source: LTM market data is based upon the latest publicly available financial data. All figures are in US\$.  
 (3) Antecap is a subsidiary of PT Perusahaan Gas Negara Tbk. PT Perusahaan Gas Negara Tbk is a public company listed on the Indonesia Stock Exchange.  
 (4) Southern Peru Copper is a subsidiary of Southern Peru Copper Corporation. Southern Peru Copper Corporation is a public company listed on the New York Stock Exchange.  
 (5) Grupo Mexico is a subsidiary of Grupo Mexico. Grupo Mexico is a public company listed on the Mexico Stock Exchange.

# Research Analysts' Views

## Grupo México and SPCC – Target Prices

June 2004

Grupo México (US\$) SPCC (US\$)



<sup>1</sup> % Target Price over current stock price of US\$2.89 for Grupo México and US\$29.96 for SPCC as of June 8, 2004.

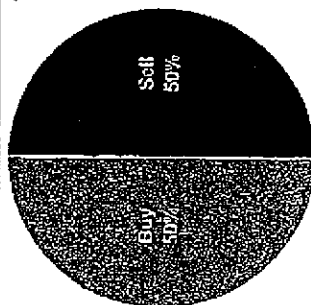


## Research Analysts' Views

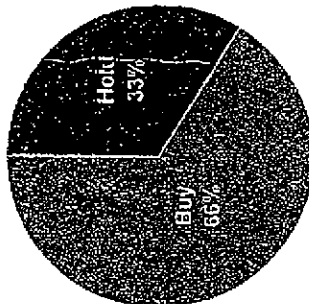
Grupo México and SPCC—Analysts' Recommendations Evolution

### Grupo Mexico

June 2003 (4 Recommendations)

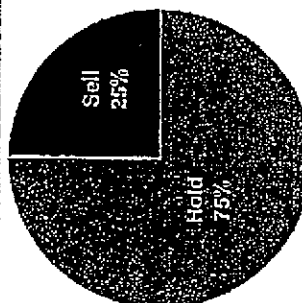


Current (6 Recommendations)

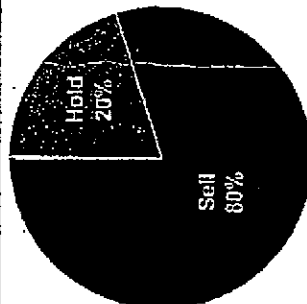


### SPCC

June 2003 (4 Recommendations)



Current (5 Recommendations)



Source: Wall Street Research



# Research Analysts' Reaction to Grupo México's Proposal

February 2004

Date	Research House	Research Analyst	Comments
February 4 <sup>th</sup> , 2004	Goldman Sachs	Alberto Arias	<ul style="list-style-type: none"> <li>■ Grupo Mexico is proposing the sale of its Mexican mining subsidiary to Southern Peru Copper in exchange of 72.3 million SPCC shares (approximately US\$3.0 bn in value)</li> <li>■ SPCC would be assuming all of the Mexican's mining subsidiary current debt levels of US\$1.3 bn</li> <li>■ Terms appear unfavorable for SPCC on a preliminary basis</li> <li>■ We consider the valuation high for the Mexican's mining subsidiary based on Grupo Mexico's current share price and SPCC share prices</li> <li>■ Opening new access to financing in the NYSE</li> <li>■ We believe that this transaction would turn SPCC into a vehicle by which Grupo Mexico would be able to finance new growth opportunities in the copper market</li> <li>■ We estimate that this transaction would increase Grupo Mexico's interest in SPCC from 54.2% to 76.1%</li> <li>■ Grupo Mexico benefited from the acquisition of Asarco's interest in SPCC last year, which valued Asarco's 54.2% stake in SPCC at approximately US\$765 million when the copper cycle was depressed. Grupo Mexico is now selling its Mexican Mining subsidiary to SPCC at a time when the market has rerated copper assets due to a strong cyclical upturn. We believe that both transactions benefit Grupo Mexico's shareholders</li> </ul>
February 4 <sup>th</sup> , 2004	Centura SAB	Luis Bravo	<ul style="list-style-type: none"> <li>■ Although Minera Mexico ("MM") holds significant copper reserves, their lower ore grade sets Minera Mexico as a less efficient operation than that of SPCC</li> <li>■ It is important to consider that MM's significant leverage ratio (\$1.3 bn in debt) has been the main factor behind its poor financial performance. Therefore, we consider that Grupo Mexico's move may be aimed at improving MM's balance sheet by merging it with that of SPCC's in order to stop eroding value</li> <li>■ Overall, the Special Committee of Disinterested Directors comprised of members of SPCC's Board will evaluate whether the proposal is in the best interest of SPCC's stockholders</li> </ul>

# Research Analysts' Reaction to Grupo México's Proposal

## February 2004

Date	Research House	Research Analyst	Comments
February 5 <sup>th</sup> , 2004	Bear Stearns	Daniel Altman	<ul style="list-style-type: none"> <li>■ Motivations for this transaction include (a) transferring its overleveraged Mexican assets to the underleveraged PCU; (b) achieving a higher valuation for its huge reserve base; (c) liquidity – the ability to sell down some of its PCU shares/collect dividends to reduce debt, while maintaining control; (d) primary listing on the NYSE for most of the copper assets; and (e) potential synergies</li> <li>■ Bottom line: Recall, we still view Grupo México as a good, albeit speculative, vehicle to invest in the sector given (a) our robust forecast for copper pricing; (b) solid balance sheet turnaround potential; (c) strong operating leverage to the cycle; and (d) proposed improvements to disclosure/communication with the investment community.</li> <li>■ How might the Minera Mexico (MM) assets be valued?           <ul style="list-style-type: none"> <li>– Scenario #1 – EV/EBITDA calculation of US\$950 million based on a 5.2x multiple to MM 2004E EBITDA of US\$413 million (Grupo Mexico's multiple) minus the US\$1.3 billion in debt. This implies roughly 20 million new PCU shares (using Tuesday's closing price).</li> <li>– Scenario #2 – EV/EBITDA calculation of US\$1.4 billion based on a 8.5x multiple to MM 2004E EBITDA (PCU's multiple) less the US\$1.3 billion in debt. This implies roughly 33 million new PCU shares.</li> <li>– Scenario #3 – Start with the scenario #2 valuation of US\$1.4 billion. Then, Grupo Mexico may try to include an additional value for its copper reserves, arguing that they are not fully "priced in" to the existing valuation given the historical underinvestment of its assets. If we use 25% of our back-of-the-envelope valuation on proven/probable reserves of 8 cents/lb – it would add a further US\$825 million. This implies about 53 million new PCU shares.</li> <li>– Scenario #4 – There is speculation in the market that there will be 72 million new PCU shares, implying a MM transaction value of over US\$3 billion. This number seems to coincide with using a full valuation for its proven/possible reserves.</li> </ul> </li> </ul>
February 5 <sup>th</sup> , 2004	Santander Central Hispano	Manuel Salazar	<ul style="list-style-type: none"> <li>■ First, a company with lower profitability would be merged with Southern Peru</li> <li>■ Second, Minera Mexico has US\$1.3 billion in debt, about 44% of Grupo Mexico's total debt. If Southern Peru takes control of Minera Mexico, then it would be responsible for paying the debt</li> <li>■ Should the deal go through, Southern Peru minority shareholders would, in effect, get a less profitable company burdened with debt, and they have to pay for it by diluting their stake in Southern Peru, which, in our opinion, is not an attractive prospect</li> </ul>

# Recently in Equity Research

SPCC

Preliminary Draft

Source	Date	Comment
Royal Bank of Canada Perform	April 30, 2004	Q1 Results Demonstrate Earnings Potential: The company reported Q1 EPS of \$1.09, which we believe demonstrates its impressive earning potential in the current copper price environment due to the low cost nature of its operations. At current copper prices, we expect Southern Peru to post impressive earnings and cash flows in the coming year. Going forward, we anticipate that SPCC should continue to benefit from the robust copper price environment and generate significant profits due to the low cost nature of its operations and recently expanded production capacity. In addition, we believe the potential exists that the proposed merging of Southern Peru's parent company's, Grupo México copper assets into an enlarged SPCC could increase market interest in the shares in the future.
Sanlender Self	April 22, 2004	As for the possible acquisition of Minera México by Southern Peru, there is still no word as to what the decision of the independent board reviewing this transaction may be. We believe that the attractiveness of this potential transaction will depend on the price Southern Peru will have to pay for Minera México (which is, as of yet, undisclosed). We have a Sell rating on the stock with a target price of US\$20.00 per share. Our recommendation is based on a DCF model with a 10-year cash flow and a terminal valuation of reserves. Risks to our investment thesis include: (1) drastic changes in copper prices; and (2) unexpected variations in ore grades.
JP Morgan Underweight	April 22, 2004	SPCC reported yet again another set of great numbers owing primarily to the upswing in commodity prices evidenced during the quarter. While SPCC's earnings outlook continues to be solid benefiting from the upswing in commodity prices, we maintain our Underweight rating on the stock as we believe that a lot of the upside potential is already priced; furthermore, lingering concerns remain regarding the potential restructuring involving Grupo México's subsidiaries.
Morgan Stanley Underweight	April 21, 2004	Copper sales volumes fell 31% sequentially to 155 million pounds, as the company built inventories to transition from selling cathodes to semi-manufactured. However, copper mine production remained high at 209 million pounds, up 9% YoY thanks to higher ore grades, indicating that sales will return to their normal level of 200+ million in 2Q. Uncertainty over the proposed merger with Minera México is of concern as while there is potential to obtain financial and operational synergies, there is also the potential for conflict of interest as the parent company owns both parties in this transaction. A committee of independent Southern Peru board members is analyzing the transaction and should not be out with a final decision for at least another few months. The success of the deal will likely be price sensitive, but given the level of uncertainty and what we see as relatively fair valuations, we are maintaining our Underweight stock rating.

# Recently in Equity Research

## SPCC

Preliminary Draft

### Source Date Comment

Goldman Sachs <i>Restricted</i>	April 21, 2004	<p>1) WEAKER 1Q04 RESULTS: SPCC reported operating EPS of \$1.08, below consensus at \$1.10 and our \$1.21 est. due to weaker than expected copper sales volumes as the company accumulated inventories in order to start producing copper wire rod in 2Q04. EBITDA at \$156 million was also below our \$188 million estimate. 2) MODEST DECLINE IN EPS FORECAST to \$4.48 from \$4.60 in 2004 due to the weaker 1Q04 results. 3) NEW ROD PRODUCTION SHOULD RAISE MARGINS. We expect SPCC's copper sales margins to increase by 2-7 cents/lb already in 2Q04 through the production of 21,000 tonnes of copper wire rod per quarter at Asarco's facilities in the US. 4) VALUATION. We estimate that SPCC is trading at 3.9X EV/EBITDA and 6.2X P/CF based on our 2005 estimates this compares with our copper universe average of 4.3X EV/EBITDA and P/CF of 5.7X 5)</p> <p>1Q04 RESULTS: POSITIVE SURPRISES: 1) Lower than expected cash costs at 39.9 cent per pound of copper, 2) lower administrative and exploration expenses. NEGATIVE SURPRISES: 1) weaker than expected copper sales volumes due to the accumulation of inventories as the company plans to start producing copper wire rod in 2Q04, 2) Copper mine production 3% below our forecast; 3) continued decline in SX/LEW production due to lower grades of pregnant leaching solution, and 4) Molybdenum production declined 10% QoQ.</p> <p>PROPOSED NEW MINING ROYALTIES CAN HURT PROJECT RETURNS. Peru's congress is currently considering the imposition of a 3% NSR royalty on mining companies to help finance regions and the newly created regional governments. The next voting on the mining royalties should happen over the next 15 to 30 days. Despite intense lobbying by the mining industry against it, we consider the risks are high.</p> <p>WHAT TO WATCH FOR: 1) Higher margins of copper sales by 2-7 cents/lb (according to our estimates) as SPCC starts producing 7,000 tonnes of copper wire rod per month; 2) Progress on the implementation of SPCC's smelter modernization program, 3) further cost reductions as the company expects cash costs to average 37.7 cents/lb in 2004, 4) potential changes in SPCC's dividend policy, 5) privatization of Lae Bambas where SPCC has shown interest.</p> <p>IMPLICATIONS FOR THE INDUSTRY: 1) The decline in molybdenum production in 1Q04 (10% QoQ) is positive for supply/demand fundamentals for this metal. The company also expects 2004/2005 molybdenum production to be below 2003 levels of 19.9 million pounds. 2) The risk of new NSR mining royalties in Peru could affect key metal markets such as zinc, lead, copper, gold and silver as well as the NAV of companies with mining operations in Peru. 3) SPCC expects to increase copper production by 3% in 2004 which should add more supply to the currently tight copper market.</p>
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# Recently in Equity Research Grupo México

Preliminary Draft

Source	Date	Comment
Bear Stearns Outperform	April 23, 2004	<p>We view very positively the strong operating results, especially margins, and note that high copper prices and profitability bode well for upcoming quarters. We continue to view Grupo México as a good, albeit speculative, vehicle with which to invest in the sector.</p> <p>Minera México was the standout. EBITDA for Minera México was US\$167 mm (41% of total EBITDA) as copper volumes of 83 kmt were 8% above our estimate and margins were ahead. Meanwhile, EBITDA at Southern Peru (39% of total) were up nearly threefold y/y, to US\$158 mm (+50% q/q), but were 2% below our estimate due to the lower revenues/volumes.</p> <p>We may have some upside to our estimates/target given the stronger-than-expected 1Q results and the likely accretive proposed asset/share swap with Southern Peru.</p>
Citi Group Hold	April 22, 2004	<p>The company's good results were supported first and foremost by better copper prices and secondly by higher metal sales volumes.</p> <p>We found operating performance for the quarter to be very good. Copper production increased 20%. Most of the increase came from the Mexican operations (Minera México), which increased production 54%. The revamping undertaken during 2003 following the debt restructuring, helped double the amount of concentrates processed at the Cananea mine compared to 1Q03. In Peru, production increased by 9% while Asarco's production decreased 3% owing to waste removal.</p> <p>The company did not disclose any details about the proposed transaction to exchange shares of Minera México for SPCC shares, only stating that a special committee of impartial directors is currently analyzing the proposal.</p> <p>Although the copper market's fundamentals seem to justify high prices at present, we believe that the rally in the price of copper is coming to an end.</p> <p>Another source of cost pressure could be an increase in the price of energy, which is a very important part of México's cost structure (...). Due to underinvestment in the sector, energy supply is irregular and in the past this has translated into high prices and has caused the CFE's main users to halt operations during peak hours.</p> <p>Potential contingencies related to environmental pollution. (...) As a further example of the threat from this direction, the trend in Latin America is now towards the equalization of environmental laws with more strict US laws.</p>

## Recently in Equity Research

### Grupo México

Source	Date	Comment
JP Morgan Overweight	April 22, 2004	<p>Asarco, GMM, and SPCC highlighted significant improvements in operating results, owing primarily to the upswing in commodity prices evidenced during the quarter. (...) At GMM copper volume sales were up 1% sequentially and 65% versus the year-ago quarter, a remarkable improvement in our view.</p> <p>In line with the company's initiative to improve its balance sheet position, we expect GMEX to continue lowering its net debt level further throughout the year as its cash flow generation improves with the current copper pricing environment.</p> <p>(...) earnings disappointment due to operating difficulties at some of its subsidiaries and/or a shortfall in our copper price forecasts would likely hamper share price performance and cap the company's ability to improve its balance sheet. (...) Finally, while we welcome recent GMEX initiatives to get closer to the market, we believe that it might take some time for the company to establish a new track record.</p>
Morgan Stanley Equal/Weight	April 22, 2004	<p>Solid earnings well in line with expectations - Grupo México posted consolidated 1Q04 EBITDA of \$403 million 2% above our \$396 million estimate on a sharp increase in metals prices. EPS was \$0.19 vs. our \$0.16 estimate. There were few surprises in this quarter's results and we continue to expect a moderate improvement in earnings going forward as prices remain high and volumes rise. We are maintaining our Equal-weight rating.</p> <p>Copper division saw the largest gain, other metals also rose - Copper shipments reached 204,000 MT, up 20% YoY, thanks mainly to investments made at rehabilitating the operating equipment and productive plant at Minera México plus higher grade and ore recovery at Cananea.</p>
Banorte Buy - High Risk	May 19, 2004	<p>China, quien consume poco más del 20% del cobre del mundo, anunció que no elevará sus tasas. Pero la especulación sobre las tasas y su moneda (el yuan) prevalece.</p> <p>La valuación de GMEXICO es atractiva. — De acuerdo a la base de datos que extrae las estimaciones de los analistas, GMEXICO presenta descuentos importantes en su valuación. No existe, con la información pública disponible, alguna justificación de dicho descuento. Nuestro escenario base (precios del cobre US\$ 1.21 en promedio para 2004), implica un precio objetivo de casi Ps 52.00. La brecha en la valuación es, en nuestra opinión, insostenible. Es muy factible que prevalezca la volatilidad en el corto plazo, pero la fusión entre Minera México y SPCC, o de seguir la tendencia a la baja en inventarios del cobre, podría eliminar el nexo con los precios de los contratos del cobre.</p> <p>Equity Value de Minera - US\$1,930mm</p>

# Recently in Equity Research

## Grupo México

Preliminary Draft

Source	Date	Comment
Goldman Sachs <i>Restricted</i>	April 21, 2004	<p><b>LOWER PRODUCTION OFFSET BY LOWER COSTS:</b> Grupo México (NR) reported EPS of US\$0.25 vs. our estimate of US\$ 0.24. The results confirm progress on cost reductions at Minera México, earnings leverage to copper cycle, and improving balance sheet prospects. <b>KEY SURPRISES:</b> 1) Lower cash cost at MM at US\$0.37/lb; 2) Higher cost at Asarco at US\$1.00/lb; 3) Weaker than expected copper production at all mining subsidiaries due to temporary factors. <b>HEALTHY FREE CASH FLOWS LEAD TO BALANCE SHEET IMPROVEMENTS:</b> Free cash flow at US\$209mm for the 1Q04 (an improvement of 5% QoQ and 321% YoY) is giving the company more financial flexibility. Net debt decreased by US\$66mm and the company is planning on paying down an additional US\$100mm in debt in April 2004. 4) <b>VALUATION:</b> We estimate that GMX is trading at 3.1X EV/EBITDA and 2.6X P/CF based on our 2005 estimates, which compare with our copper universe average of 4.3X EV/EBITDA and P/CF of 5.7X.</p> <p><b>1Q04 RESULTS:</b> Grupo México reported slightly weaker consolidated EBITDA at US\$403 million vs. our \$410 million estimate due to lower-than-expected copper sales volumes (204,000 tonnes vs. our 230,200 tonnes forecast) caused by accumulation of inventories at SPCC and higher pre-shipping rates at Asarco. The company reported EPS of \$0.25/share in 1Q04, slightly above our \$0.24/share estimate due to lower than expected taxes.</p> <p><b>POSITIVE SURPRISES:</b> 1) Lower cost due to better operational results at Minera México; 2) better than expected ore grades and recovery at Cananea copper mine; 3) US\$100mm debt pre-payment scheduled for April 2004 as a result of higher free cash flows; and 4) Zinc production 3% higher than our estimate. <b>NEGATIVE SURPRISES:</b> 1) Higher cash cost at Asarco on QoQ basis and YoY at US\$0.98/lb; 2) Lower ore grades at Caridad copper mine in México; and 3) Lower than expected volumes transported at Ferromex.</p> <p><b>MINERA MÉXICO - POSITIVE COST SURPRISE</b> (100% owned Mexican mining subsidiary). MM's cash costs improved to US\$0.37/lb in the 1Q04 from the \$0.49/lb average of 2003. The company reported 1Q04 EBITDA of US\$166 million, stronger than our \$158 million estimate due to higher ore grades and recovery at the Cananea mine, which was partly offset by lower ore grades at the Caridad mine.</p> <p><b>SPCC - TEMPORARY BUILD-UP IN INVENTORIES</b> (54% owned mining subsidiary). SPCC reported operating EBITDA of US\$166 mm, which was below our \$168 mm estimate due to weaker than expected copper sales volumes as the company accumulated inventories in order to start producing copper wire rod in 2Q04.</p>

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## IV. Merger Market Analysis

# Selected Copper Transactions

## Copper

(US\$ in millions, except otherwise noted)

Date Announced	Acquirer	Target (Parent)	Equity Consideration (\$ mm) (a)(b)	Enterprise Valuation (\$ mm) (c)	Enterprise Value Multiple of LTM (d)		Premium to Undisturbed Price (%) (e)	EBITDA Margin (%)	Copper Price \$/LB (f)	Implied N/M EBITDA Multiple (g)
					Sales	EBITDA				
Apr-2003	Xseltis	M.I.M.	2,065.0	2,699.0	1.37	5.5	12.2	24.9	0.73	2.97
May-2002	Anglo American	Disputado el et- Exon	1,300.0	1,300.0	N/A	N/A	N/A	N/A	0.78	N/M
Aug-2000	Gilson	Rio Algom	1,117.9	1,905.6 (b)	1.16	12.3	25.0	49.2 (e)	0.66	6.43
Compania Minera Quadrise Blanca (78.5%) (Track / Cashless)										
Mar-2000	Am Resources		268.5	364.2	3.16	10.6	N/M	29.6	0.79	5.62
Sep-1998	Phelps Dodge	Cyrus Anax Minerals	1,830.2	2,678.2	1.25	9.8	N/M	42.0	0.62	5.15
Sep-1998	Grupo Mexico SA de CV	ASARCO Int. (60.0%)	1,074.3	2,711.4	1.37	N/M	N/M	61.4	0.79	N/M
Nov-1997	Phelps Dodge	Cobra Mining	104.8	113.4	2.24	14.7	19.5	109.7	0.65	7.68
High										
Mean										
Median										
Low										

(a) Foreign company valuations converted to US\$ using the applicable exchange rate on date of announcement.

(b) Equity Consideration represents the consideration paid for the portion of target acquired.

(c) "Undisturbed" stock price means immediately prior to the target's stock price being inflated by deal speculation.

(d) Includes all debt convertible debentures which are out-of-the-money.

(e) Undisturbed stock price as of August 21, 2000, the last trading day prior to the announcement of a takeover bid by Noranda.

(f) Source: Datastream. Copper prices as of the day of transaction announcement.

(g) Implied EBITDA multiple based on Minera's 100% LTM EBITDA of US\$526mm and 2004 Budget EBITDA of US\$624mm as per Grupo Mexico investor presentation June 2004.

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## V. Discussion of Minera México Projections

Discussion of Minera México Projections 30

## Discussion of MM Projections

### Preliminary Observations

Topic	Observation
Projections	<ul style="list-style-type: none"> <li>■ Projections based on Company's financial model as supplied by management in US\$ real terms</li> <li>■ Two year historical figures provided</li> <li>■ Production figures and costs based on third-party metallurgical studies (Mintec for Cananea and Harry Winters for Caridad and IMMISA)</li> <li>■ Life of mine valuation for all three mines           <ul style="list-style-type: none"> <li>— IMMISA mines depleted/closed between 2018 and 2030</li> <li>— Caridad closes 2081 (as per Company estimates). Closure in Winters reports in 2031</li> <li>— Cananea closes in 2068</li> </ul> </li> <li>■ Includes US\$150mm of non-operating assets (mostly real estate) as provided by MM</li> </ul>
Valuation Analyses	<ul style="list-style-type: none"> <li>■ Mid-year convention as of January 1, 2004</li> <li>■ Original copper assumption of US\$1/lb fixed through the life of mine. Sensitivities performed to copper prices, assuming \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.00/lb for 2006 and sensitivities on the long term copper price</li> <li>■ "MM Case" refers to projections as provided by MM management, assuming the \$1.00/lb copper price</li> <li>■ "A&amp;S Case" refers to changes suggested by A&amp;S. Price maintained at \$1.00/lb for purposes of better comparison with "MM Case". A&amp;S suggests estimates of copper price in the long term of \$0.85/lb</li> <li>■ Net debt as per revised Term Sheet dated May 7<sup>th</sup>, 2004</li> <li>■ Assumes 33% tax rate for 2004 and 32% tax rate going forward, as well as a workers profit tax rate of 10%</li> <li>■ Fiscal benefits valued based on schedules provided by the MM and include: NOL utilization, asset tax recovery and elimination of withholding taxes on MM debt synergy. Assumes NPV maximization of NOL utilization, resulting in an estimated NPV of fiscal benefits of approximately US\$320mm</li> <li>■ Includes estimated value of synergies related to the \$7mm annual management fee paid to Grupo México (preliminary NPV estimated at US\$48mm)</li> <li>■ Some major projects not included in projections due to early stage of implementation</li> <li>■ Synergies related to vertical integration and improved utilization of metallurgical complexes at MM not included as per A&amp;S analysis</li> <li>■ Changes to original projections as per Anderson &amp; Schwab guidance</li> </ul>
Changes	

## Discussion of MM Projections

### Major Expansion Plans and Projects

The great majority of MM capex in the next few years will be dedicated to SX-EW capacity expansion in Cananea and Caridad. MM Management assumes no additional expansion at Caridad's metallurgical complex

#### Major Expansion Plans (Included In Projections)

Project Description	Total Investment (US\$mm)	Impact	Expected Completion Date
■ New SX-EW Plant in Cananea			
- SX-EW Plant III	280	Additional 33 Ktpy of copper	2007
- SX-EW Plant IV		Additional 33 Ktpy of copper	2009
■ New SX-EW Plant in Caridad	114	Increase capacity by 22 Ktpy	2007

#### ■ Feasibility study in Cananea related to the installation of a new concentrator plant

— 110 Ktpd of mill throughput capacity

■ El Arco – open pit. Reserves of 170 million tons of oxides (0.35% copper) and 846 millions tons of sulfide (0.51% copper and 0.1g/ton of Au)

#### Major Projects (Not Included on Projections)

■ Angangueo – resources of 13 million tons of copper (0.97% copper, 0.16g/ton of Au, 265g/ton of Ag, 0.72% of lead and 3.5% of zinc)

■ Buenavista – reserves of 36 million tons of ore containing 29 grams of silver per metric ton, 0.69% copper and 3.3% of zinc

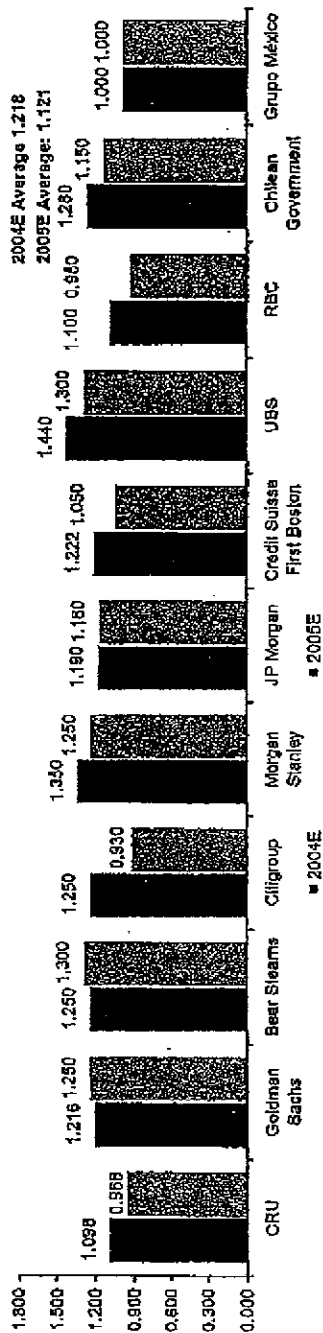
Source: Minera México Management Presentation of April 2004, MM financial model and company filings.



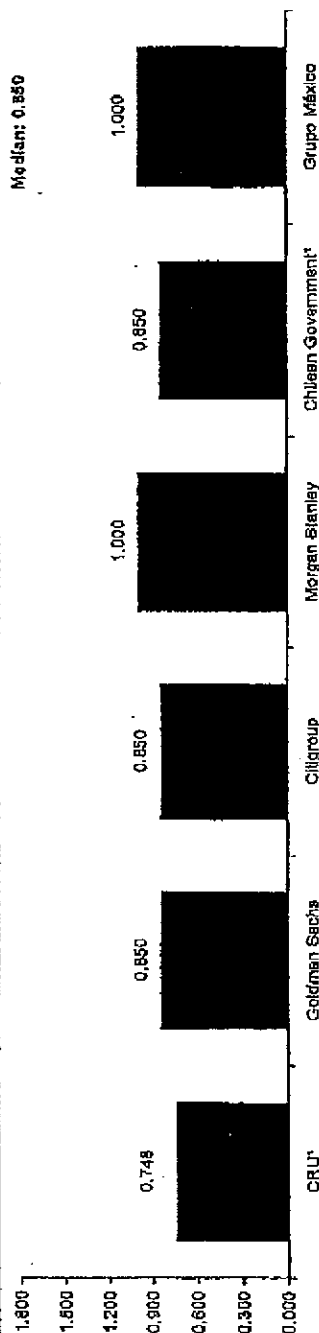
# Copper Price Forecast

As of June 2004

Short Term Copper Price Forecast (US\$/lb)



Long Term Copper Price Forecast (US\$/lb)



\* When long term forecasts not available, assumes 2005E price forecast as proxy for long term price forecast  
 Note: Research Estimates as of April 2004, except for JPMorgan (February 29, 2004), CRU (March 2004) and Goldman Sachs (June 2004). Chilean Government refers to presentation made by Comisión Chilena del Cobre on May 3, 2004.

## Summary Key Operating and Financial Metrics

### Comparison of MM vs. A&S Scenarios

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
<b>Copper Production (Mtpy)</b>												
MM Case	316.0	320.2	339.0	385.4	390.1	420.3	401.0	433.1	438.7	441.8	483.1	447.5
A&S Case	316.0	320.2	317.4	336.9	324.9	395.6	377.5	406.1	412.4	413.7	450.4	418.9
<b>Revenues (US\$ mm)</b>												
MM Case	\$736	\$727	\$1,251	\$1,217	\$1,181	\$1,358	\$1,318	\$1,400	\$1,428	\$1,438	\$1,528	\$1,448
A&S Case	\$736	\$727	NM	\$1,128	\$1,111	\$1,277	\$1,242	\$1,313	\$1,337	\$1,342	\$1,419	\$1,353
<b>EBITDA (US\$ mm)</b>												
MM Case	\$105	\$184	\$624	\$583	\$554	\$675	\$632	\$703	\$723	\$746	\$828	\$761
A&S Case	\$106	\$184	NM	\$531	\$505	\$623	\$581	\$646	\$663	\$680	\$751	\$695
<b>EBITDA Margin (%)</b>												
MM Case	14.3%	25.3%	49.9%	47.8%	46.5%	49.8%	47.8%	50.2%	50.7%	51.9%	54.2%	52.5%
A&S Case	14.3%	25.3%	NM	47.1%	45.6%	48.8%	46.8%	49.2%	49.6%	50.7%	52.9%	51.4%
<b>Capex (US\$mm)</b>												
MM Case	\$50	\$57	\$123	\$281	\$280	\$188	\$248	\$211	\$195	\$174	\$168	\$164
A&S Case	\$50	\$57	\$131	\$310	\$307	\$210	\$283	\$226	\$182	\$187	\$169	\$169

Note: MM and A&S Cases assume copper price forecast under MM scenario of \$1.0/lb through the life of mine and capitalization of shipping costs. MM Case incorporates figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb). Historical information for 2002 and 2003 as per MM management.



# MM Summary 10-Year Free Cash Flow

MM Case vs. A&S Case

(US\$ in millions)

## FCF - MM Case

	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
EBIT	\$485	\$395	\$362	\$464	\$396	\$446	\$459	\$471	\$548	\$481
Taxes - Income and Asset Tax	(\$144)	(\$114)	(\$101)	(\$131)	(\$114)	(\$128)	(\$132)	(\$136)	(\$157)	(\$139)
Workers Profit Sharing	(\$48)	(\$39)	(\$35)	(\$45)	(\$40)	(\$45)	(\$46)	(\$47)	(\$55)	(\$58)
EBIAT	\$292	\$242	\$225	\$278	\$242	\$273	\$281	\$288	\$334	\$284
(-) Capex	(\$123)	(\$222)	(\$228)	(\$119)	(\$169)	(\$119)	(\$103)	(\$76)	(\$64)	(\$59)
(+/-) Change in Working Capital	(\$71)	(\$4)	\$5	(\$32)	(\$9)	(\$98)	(\$5)	\$1	(\$17)	\$18
(+) Depreciation & Amortization	\$82	\$129	\$140	\$151	\$157	\$165	\$171	\$177	\$180	\$183
Free Cash Flow	\$180	\$144	\$132	\$279	\$221	\$224	\$344	\$389	\$434	\$438

## FCF - A&S Case

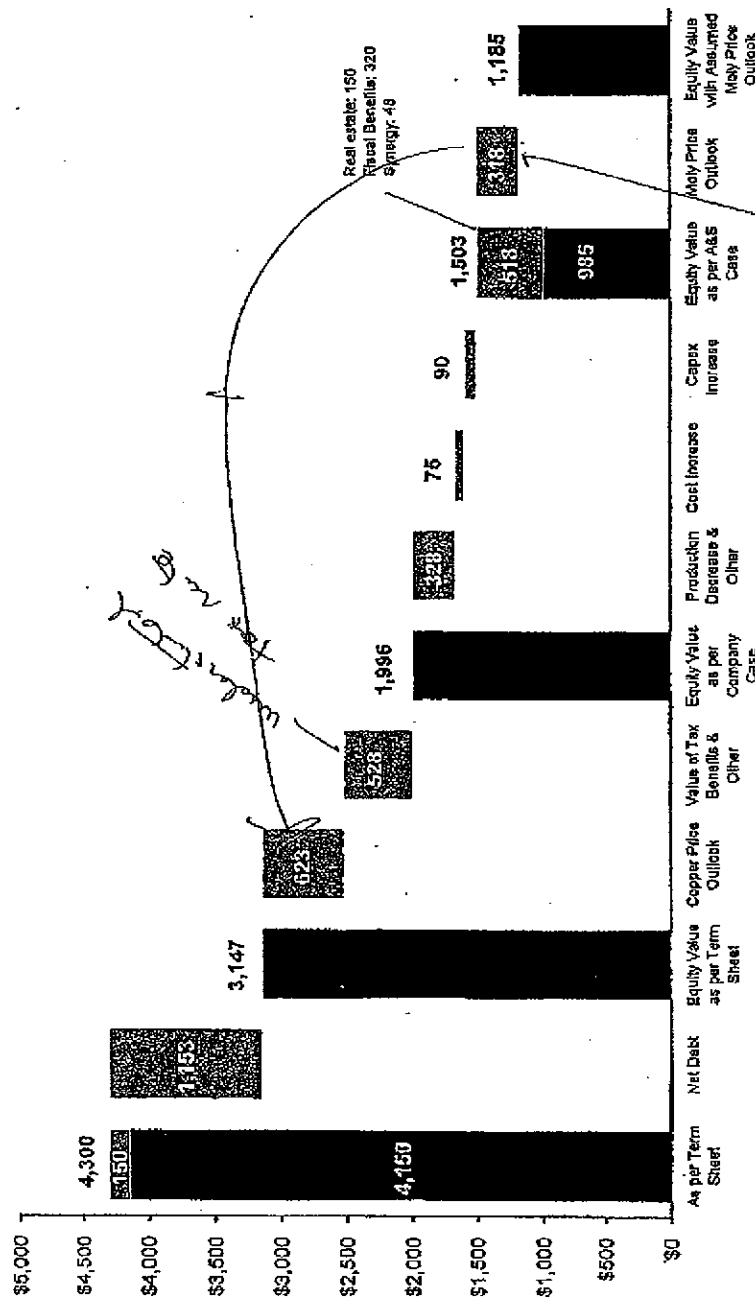
	2004E	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
EBIT	\$358	\$343	\$303	\$400	\$342	\$383	\$393	\$400	\$463	\$410
Taxes - Income and Asset Tax	(\$108)	(\$98)	(\$87)	(\$115)	(\$95)	(\$110)	(\$113)	(\$115)	(\$139)	(\$118)
Workers Profit Sharing	(\$35)	(\$34)	(\$30)	(\$40)	(\$34)	(\$38)	(\$38)	(\$40)	(\$48)	(\$41)
EBIAT	\$215	\$210	\$185	\$245	\$208	\$234	\$241	\$245	\$283	\$251
(-) Capex	(\$74)	(\$251)	(\$245)	(\$140)	(\$204)	(\$133)	(\$90)	(\$88)	(\$57)	(\$72)
(+/-) Change in Working Capital	(\$47)	(\$5)	\$3	(\$34)	(\$5)	(\$94)	(\$5)	\$2	(\$14)	\$16
(+) Depreciation & Amortization	\$82	\$129	\$141	\$154	\$161	\$171	\$177	\$182	\$185	\$188
Free Cash Flow	\$176	\$82	\$85	\$224	\$157	\$178	\$323	\$360	\$387	\$333

Note: MM and A&S cases assume copper prices forecast under MM scenario of \$1.0/lb through the life of mine and expensing of shipping costs. MM Case incorporates figures from 2004 Budget as per Grupo México presentation to investors. A&S Case, Assumptions changes to production, paper and cost assumptions as per A&S guidance.



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# **Illustrative Reconciliation Between MM Case and A&S Case** Potential Impact Based on Projections and Assumptions on DCF Analysis (US\$ in millions)



Note: NPVs calculated using the mid-point of the WACC range of 8.5%. Value of tax benefits & other assumes immediate utilization of current NOLs. Changes to prices, production assumptions, costs and capex as per A&S. Under all scenarios assumes expensing of shipping costs. Molybdenum outlook based on GS Research (\$6.40 in 2005, \$5.00 in 2006 and \$2.50 going forward).

# MM Preliminary DCF Analysis

## Copper Price Sensitivity

(US\$ in millions)

Illustrative Equity Value (Life of Mine) - MM Case						
Discount Rate	Long Term Copper Price (US\$/lb)					
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
9.5 %	\$1,552	\$1,752	\$1,952	\$2,153	\$2,353	
9.0 %	\$1,657	\$1,869	\$2,081	\$2,293	\$2,505	
8.5 %	\$1,771	\$1,996	\$2,221	\$2,446	\$2,671	
8.0 %	\$1,895	\$2,135	\$2,374	\$2,613	\$2,853	
7.5 %	\$2,032	\$2,287	\$2,543	\$2,798	\$3,053	

Illustrative Equity Value (Life of Mine) - A&S Case						
Discount Rate	Long Term Copper Price (US\$/lb)					
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
9.5 %	\$1,136	\$1,320	\$1,504	\$1,688	\$1,872	
9.0 %	\$1,214	\$1,408	\$1,603	\$1,797	\$1,991	
8.5 %	\$1,297	\$1,503	\$1,709	\$1,915	\$2,121	
8.0 %	\$1,387	\$1,606	\$1,824	\$2,043	\$2,261	
7.5 %	\$1,485	\$1,718	\$1,950	\$2,182	\$2,414	

Note: All cases assume expensing of stripping costs. Equity values include US\$150mm from potential sale of real estate assets, US\$320mm from the value of NOLs and US\$46 from the synergies related to the \$7mm initial fee paid to Grupo México. Tax rate used in all cases was 32% income tax (33% for 2004) and 10% workers profit. MM Case takes assumptions as provided, including figures from 2004 Budget as per Grupo México's presentation to investors. For A&S Case, modifications to MM financial model were implemented as per A&S guidance. Under both scenarios, sensitivity analysis to copper prices assumes copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005 and \$0.95/lb in the long term.

## MM Preliminary DCF Analysis

(US\$ in millions)

Illustrative Equity Value (Life of Mine) - MM Case @ \$0.85/lb Long Term						
Discount Rate	Ore Milled and SX-EW Production (Annual % Increment)					
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%	
9.5 %	\$1,584	\$1,658	\$1,752	\$1,836	\$1,920	
9.0 %	\$1,671	\$1,770	\$1,869	\$1,957	\$2,046	
8.5 %	\$1,787	\$1,891	\$1,986	\$2,090	\$2,183	
8.0 %	\$1,914	\$2,024	\$2,135	\$2,234	\$2,334	
7.5 %	\$2,053	\$2,170	\$2,287	\$2,393	\$2,499	

Illustrative Equity Value (Life of Mine) - MM Case @ \$0.85/lb Long Term						
Discount Rate	Copper Ore Grade (Annual % Increment)					
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%	
	9.5 %	\$1,537	\$1,645	\$1,752	\$1,850	\$1,947
9.0 %	\$1,643	\$1,756	\$1,869	\$1,971	\$2,074	
8.5 %	\$1,759	\$1,877	\$1,988	\$2,104	\$2,212	
8.0 %	\$1,885	\$2,010	\$2,135	\$2,249	\$2,353	
7.5 %	\$2,024	\$2,155	\$2,287	\$2,408	\$2,529	

Note: All cases assume expensing of shipping costs. Equity values include US\$160mm from potential sale of real estate assets, US\$320mm from the value of NOLs and US\$48 from the synergies related to the Xrma annual fee paid to Grupo México. Tax rate used in all cases was 32% income tax (33% for 2007 and 10% workers profit). Sensitivity analysis assumes MM Case and price scenario copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1/lb for 2006 and \$0.85/lb in the long term. MM Case includes figures from 2004 Budget as per Grupo México's with presentation to investors. Sensitivity analysis refers to annual increment changes to key assumptions.

# Illustrative Look Through Analysis of MM

## Summary Valuation Parameters Based on Public Market Metrics

(US\$ in millions)

	Implied Value for MM		
	Residual Value After Other Subsidiaries	Assuming Zero Value for Asarco and for GFM	Assuming Premium to GM Market Value Based on Research Estimates of 30%
Grupo Mexico Market Cap (1)	\$2,652	\$2,662	\$3,448
(-) GFM Stake			
2004E EBITDA (3)	\$230		
2004E EBITDA Multiple (4)	7.0x		
Net Debt (2)	\$374		
GM Stake	74.0%	\$0	(\$915)
(-) Asarco Stake			
2004E EBITDA (3)	\$140		
2004E EBITDA Multiple (4)	4.0x		
Net Debt (2)	\$391		
GM Stake	100.0%	\$0	(\$169)
(-) SPCC Stake			
Market Cap (1)	\$2,474		
GM Stake	54.2%	(\$1,341)	(\$1,341)
(-) Residual MM Value	\$227	\$1,311	\$1,023
2004E EBITDA (3)	\$624		
Net Debt (2)	\$1,249		
Implied MM 2004E EBITDA Multiple	2.4x	4.1x	3.6x

<sup>1</sup> As of June 9, 2004.

<sup>2</sup> As of March 31, 2004.

<sup>3</sup> 2004E EBITDA projections as per Wall Street Research.

<sup>4</sup> As per industry comparables.

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## VI. Contribution Analysis

## Illustrative Contribution Analysis

Based on Company Scenario for MM and SPCC  
(US\$ in millions)

	SPCC	Unadjusted	Implied Multiple	Adjusted <sup>1</sup>	Minera Issued <sup>2</sup>	# of SPCC Shares to be Issued <sup>2</sup>	Implied Pro Forma MM Equity Value <sup>3</sup>
<b>Sales</b>							
2004B	\$1,126	47.4%	2.3 x	59.6%	\$1,251	53.6	\$ 1,656.3
<b>EBITDA</b>							
2004B	\$633	50.4%	4.0 x	64.6%	\$624	43.4	\$ 1,341.2
<b>Copper Sales (mm lbs)</b>							
2004B	847	53.1%	\$3.0	69.3%	747	35.0	\$ 1,082.1
2005E	776	49.4%	\$3.3	62.4%	806	47.5	\$ 1,472.0

<sup>1</sup> Source: Budget figures as per Grupo México investor presentation, June 2004.

<sup>2</sup> Assuming SPCC's multiples are the same for Minera and consolidating each company's net debt position of US\$173 mm for SPCC (2004 - does not include mineras) and US\$1,150 mm for Minera, as Term Sheet and using SPCC share price of \$30.90 as of June 9, 2004.

<sup>3</sup> Assuming pro-forma adjusted contribution figures.

<sup>4</sup> Assuming price per share of US\$30.90 for SPCC.



## Illustrative Get /Give Analysis

(US\$ In millions, except per share data)

Give		Get	
		DCF - Equity Value (1)	\$ 1,200 --- \$ 1,700
		Equity Look - through Value (2)	\$ 200 --- \$ 1,300
		Equity Public Market Value (3)	\$ 1,520 --- \$ 1,644
Implied Equity Value			\$ 3,110.5

(1) WACC range from 6% to 9%. Copper price at US\$1/b, company case assumptions. Net debt of US\$1,153mm as per Term Sheet. No discount to DCF value applied.

(2) Net debt of US\$1,153mm as per Term Sheet.

(3) Net debt of US\$1,153mm as per Term Sheet. 2004 Budget EBITDA multiple ranging from 3.8x to 4.0x. Includes US\$120mm in NOLs.

# Illustrative Implied Valuation

## SPCC Minority Shareholders

(US\$ in millions)

Current SPCC Share Price (6/9/2004)	\$ 30.9	SPCC 2004E EBITDA (1)	\$ 633
Current SPCC Shares Outstanding	80.0	MM 2004E EBITDA (1)	\$ 624
		Assumed Reduction in Mgmt. Fees	\$ 7
Current SPCC Market Capitalization	\$ 2,472	SPCC Pro-Forma EBITDA	\$ 1,284
Current Economic Ownership Held by Minorities	45.8%	SPCC Net Debt (2)	\$ 73
Current Value of SPCC Minorities	\$ 1,132	MM Net Debt (3)	\$ 1,153
Current EV / 2004E EBITDA Multiple	4.02 X	SPCC Pro-Forma Net Debt	\$ 1,226

MM NPV of Tax Benefits	\$ 320
Non-operating Assets	\$ 150

MM Equity Acquisition Price	\$ 1,000	\$ 1,250	\$ 1,500	\$ 1,760	\$ 3,147
MM Implied EV	2,153	2,403	2,653	2,903	4,300
MM Implied 2004E EBITDA Multiple	3.45 X	3.85 X	4.25 X	4.65 X	6.89 X
MM Pro Forma Ownership in SPCC	67.3%	69.5%	71.4%	73.1%	79.7%
Minorities Pro Forma Ownership	32.7%	30.5%	28.6%	26.9%	20.3%

SPCC Pro-forma 2004E EBITDA Multiple	Market Capitalization	Variation in Value for Minorities:		
3.90 X	\$ 4,174	\$ 233	\$ 142	\$ 83
		20.8%	12.6%	5.5%
				(0.7)%
				(25.2)%

<sup>1</sup> 2004 Budget figures as per Grupo México investor presentation June 2004.

<sup>2</sup> Net debt as of March 31, 2004. Does not include minorities.

<sup>3</sup> Net debt as per Term Sheet.

VII

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## VII. Credit Considerations

## Observations on the Pro-Forma Credit Situation

### S&P

- S&P views the AMC family as a consolidated entity, and rates all of the subs identically (CCC+)<sup>1</sup>
- Peruvian sovereign risk (Peru is BB/Stable) is not a limiting factor on the rating of AMC or any of its subsidiaries; thus, layering on "better" sovereign risk with Mexican cash flows is unlikely to affect SPCC
- Regardless of how capital is reshuffled among the entities, ratings are thus likely to remain where they are until a material improvement in cash flows and reduction in leverage are seen

### Fitch

- Unlike S&P, Fitch's approach does not consider SPCC to be limited by the credit quality of its shareholders (AMC is rated only B)
- Also unlike S&P, Fitch's SPCC BB- rating is explicitly constrained by the sovereign rating in Peru
- However, Fitch's review of the transaction did not contemplate a transfer of debt from MM to SPCC (see below)
- "Fitch rates SPCC's foreign currency debt 'BB-', which is constrained by the 'BB-' foreign currency rating of Peru. In the event the proposed transaction was not cashless and Minera México's debt is rebalanced between it and SPCC, Fitch would not expect the underlying credit quality (local currency rating) of SPCC to deteriorate to a level below the foreign currency rating of Peru. However, any transaction that would burden SPCC with additional debt or support Minera México could affect SPCC's underlying credit quality. On Feb. 3, 2004, Grupo México announced that it had presented a proposal to SPCC shareholders to sell all of its interest in Minera México to SPCC in return for additional shares in SPCC. The transaction is pending discussion and approval by SPCC shareholders."
- MM's credit rating of B may improve, but it will have no immediate impact on that of SPCC

<sup>1</sup> Ratings are CCC+/Stable for AMC, MM, Asarco, and SPCC. S&P verbiage explaining this is: "due to common ownership and management, centralization of certain functions, and intercompany transactions, Asarco's Mining Corp. (AMC) is the majority owner of these three subsidiaries."

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## Appendix A: Information on Assets Being Evaluated

# Overview of Assets Being Evaluated

## Minera México Mines and Metallurgical Assets

	Cananea Division	La Caridad / Mexcobre Division	IMMSA Division
<b>Description</b>	<ul style="list-style-type: none"> <li>Open pit mine located 60 miles from the Caridad metallurgical complex and near the U.S. border</li> <li>Largest copper mine in México and 4<sup>th</sup> largest worldwide in terms of reserves</li> </ul>	<ul style="list-style-type: none"> <li>Open pit mine located near the town of Nacozari, near the U.S. border</li> <li>Situated on the top of a mountain, resulting in low stripping ratios</li> <li>High molybdenum content extends life of mine</li> <li>Metallurgical complex that includes:               <ul style="list-style-type: none"> <li>Copper smelter</li> <li>Electrolytic copper refinery</li> <li>Practical metals refinery</li> <li>Rod plant</li> <li>Sulfuric acid plant</li> </ul> </li> <li>Processes 100% of the copper concentrate produced by Cananea and Caridad</li> </ul>	<ul style="list-style-type: none"> <li>Four underground mines located in the central part of México               <ul style="list-style-type: none"> <li>Mainly zinc, silver and gold</li> </ul> </li> <li>Nueva Rosita coal and coke complex in Northern México               <ul style="list-style-type: none"> <li>Production used at the San Luis Potosí copper smelter as well as sold to third parties</li> </ul> </li> <li>San Luis Potosí metallurgical complex               <ul style="list-style-type: none"> <li>Electrolytic zinc refinery, copper smelter and sulfuric acid plant</li> </ul> </li> <li>Plants are fed from zinc and copper concentrates produced by IMMSA's underground mines</li> <li>Smelter expected to close in 2013</li> </ul>
<b>Operating Statistics</b>	<ul style="list-style-type: none"> <li>Reserves of 25.2 Mt of contained copper</li> <li>Concentrator capacity of 80 ktpd</li> <li>SW-EX plant capacity (2 plants) of 56 ktpy</li> </ul>	<ul style="list-style-type: none"> <li>Reserves of 4.8 Mt of contained copper</li> <li>Reserves of 825 kt of contained molybdenum</li> <li>Concentrator capacity of 80 ktpd</li> <li>SW-EX plant capacity of 22 ktpy</li> </ul>	<ul style="list-style-type: none"> <li>Total concentrator capacity of 18.3 ktpy at four mines</li> <li>San Luis Potosí capacity:               <ul style="list-style-type: none"> <li>Copper smelter: 88 ktpy of concentrate and 25 ktpy of blister</li> </ul> </li> </ul>
<b>Key Expansion Projects</b>	<ul style="list-style-type: none"> <li>Two projects underway to increase SX-EW copper production by 65 ktpy with two new plants in operation in 2007 and 2008</li> <li>Feasibility study of installing a new concentrator plant with 110 ktpd of mill throughput capacity (not included in projections)</li> </ul>	<ul style="list-style-type: none"> <li>New SX-EW plant to be commissioned in 2007 with 20 ktpy production capacity</li> <li>Copper equivalent mining plan to be implemented starting in 2014 to extend life of mine due to high molybdenum content</li> <li>Management projections assume no further expansion at La Caridad metallurgical complex</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Rosita coal plant by 1.1 Mtpy to 1.5 Mtpy in 2004</li> <li>Deepening of the shafts at Charcas and San Martín, with completion expected in 2005 / 2005</li> <li>Expected expansion of zinc refinery by 2.5 ktpy to be completed by year end 2005</li> </ul>

Source: Minera México April 18<sup>th</sup> Management Presentation.



## Overview of Assets Being Evaluated

### Highlights of MM Mining Consultants Reports

- Winters, Dorsey & Company December 2003 Report
  - "Since only a month was available for this work, it is clearly understood by all parties that the plan is not a final plan nor an optimal plan from the point of view of cash flow generation or rate of return"
  - "In WDC's opinion, the production plans for 2004 for the La Caridad and Cananea mines, mills and SXEW operations are aggressive, While, in WDC's opinion, they are achievable, they will require a very wholehearted commitment in terms of money, management and training."
  - "As a result of WDC's mine planning work for La Caridad, it is WDC's opinion that it is probable that the tonnage of leachable ore is significantly larger than previously estimated. Given the time available to prepare the mine plan, the plan developed for this report is probably not optimal from the point of view of cash flow generation. Over the next several months, WDC will be continuing planning efforts with the aim of maximizing cash flow generation at La Caridad, including using the molybdenum resources and leachable resources to their best advantage"
- Winters, Dorsey & Company January 2004 Report
  - "Our scope of work did not include audits of accounting reports, environmental audits or review of the status of environmental permits, or review of MM's legal rights to mine the reserves and resources projected to be mined"
  - "WDC began the process of developing a 15-year plan for the La Caridad mine, mill and SXEW plant in the summer of 2003. (...) The work on this plan was put on hold in October and November 2003 in order to assist MM with other planning activities, including review of ten-year plans for operating units of MM other than La Caridad. Since only one month was available for the work, it was clearly understood by all parties that the plan was not a final plan nor an optimal plan from the point of view of cash flow generation or rate of return"
  - "During WDC's work on the 10-year plan, WDC became convinced that there is more rock that can be profitably leached than had been included in earlier MM long-term plans for La Caridad"
  - "WDC has made the best estimate of the potential additional leach resources that can be made given the time and data available. Once again, the time available for this project has been short, less than two months including the Christmas and New Years holiday seasons"
- Mintec March 2004 Report
  - "A total reserve of 2.1 billion tonnes of concentrator ore and 3.1 billion tonnes of leach material exist at Cananea as of January 1, 2004 at a copper price of \$0.85 per pound. Of these amounts, 1.8 billion tonnes of concentrator ore and 2.7 billion tonnes of leach material are minable without re-locating the concentrator. (...) The additional 10 years of mine life does not justify the capital expense of re-locating the concentrator"
- The Winters and Mintec reports include assumptions of copper prices of \$0.85/lb for purposes of reserve calculations. In the case of La Caridad, MM management has assumed a copper price of \$0.90/lb in its business plan, which results in an extension of the life of mine of La Caridad from 2031 to 2081

**From:** Fernandes, Ana <Ana.Fernandes@gs.com>  
**Sent:** Wednesday, June 23, 2004 3:41 PM (GMT)  
**To:** 'Carlos Ruiz' <cruizs@prodigyweb.net.mx>; hshandel@pritzkerorg.com;  
gperezalonso@infosel.net.mx; 'Miguel Palomino' <migpalomino@yahoo.com>;  
John.Sorkin@lw.com; ffuentes@macf.com.mx; ptrad@macf.com.mx;  
Charles.Nathan@lw.com; Alicia.Clifford@lw.com  
**Cc:** Werner, Martin <Martin.Werner@gs.com>; Sanchez, Martin  
<martin.sanchez@gs.com>; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>;  
Riva, Sofia <Sofia.Riva@gs.com>  
**Subject:** Materials for call today  
**Attach:** 05 SPCC pages June 23, 2004.pdf; 01 IMMSA.pdf

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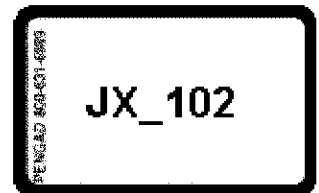
Please find attached some materials we have prepared for our discussion with you today.

Look forward to speaking to you soon. Regards, GS Team

> Date: Wednesday, June 23rd  
> Time: 12:00 AM NY time - 11:00 AM Mexico time  
> Dialing number: 1-212-357-6338  
> Password: 0765  
>

<<05 SPCC pages June 23, 2004.pdf>> <<01 IMMSA.pdf>>

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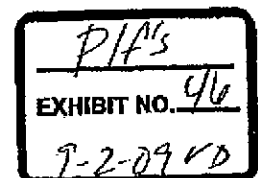
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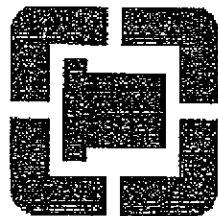
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**SOUTHERN PERU**

Goldman, Sachs & Co.

June 23<sup>rd</sup>, 2004

## Table of Contents

- I. Public Market Update
- II. Update on Historical and Projected Commodity Prices
- III. Discussion of SPCC Projections
- IV. Comparison of SPCC and MM Projections

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## I. Public Market Update

# Preliminary Analysis of Financial Aspects of Term Sheet

## MM Proposed Valuation at Different SPCC Share Prices

(US\$ in millions, except per share data)

	SPCC Share Price			
	21-Jun-2004	4-Feb-2004	3-Feb-2004	Avg. 1 month Prior to Announcement - February 3, 2004
<b>SPCC Public Market Valuation</b>				
SPCC Share Price				
SPCC Number of Shares Outstanding (mm)	338.90	\$38.01	\$41.40	\$46.88
SPCC Implied Market Cap	\$3,116	\$3,045	\$3,316	\$3,755
Net Debt (1)	\$73	\$73	\$73	\$73
SPCC Implied Enterprise Value	\$3,189	\$3,118	\$3,389	\$3,828
<b>MM Valuation as Proposed on Term Sheet</b>				
MM Equity Value	\$3,147	\$3,147	\$3,147	\$3,147
Net Debt (2)	\$1,153	\$1,153	\$1,153	\$1,153
MM Enterprise Value	\$4,300	\$4,300	\$4,300	\$4,300
SPCC Target Economic Ownership in MM (2)	98.84%	98.84%	98.84%	98.84%
Number of Shares of SPCC to be Issued	40.0	81.8	75.1	66.4
Current Economic Ownership of Grupo Mexico in SPCC	54.2%	54.2%	54.2%	54.2%
Pro Forma Ownership of Grupo Mexico in SPCC	47.1%	37.4%	36.4%	36.0%
<b>Multiple Analysis</b>				
Implied SPCC 2004 EBITDA Trading Multiple (3) (5)	5.5x	5.3x	5.9x	5.5x
Implied MM 2004 EBITDA Trading Multiple (3) (5)	7.5x	7.8x	7.5x	7.8x
<b>Copper Price (US\$/lb)</b>				
	1.20	1.17	1.16	1.10
Implied Price per lb. of SPCC Reserves (US\$/mm lbs) (4)	\$0.10	\$0.08	\$0.10	\$0.11
Implied Price per lb. of SPCC 2004B Copper Production (US\$/mm lbs) (3)	\$3.75	\$3.58	\$4.05	\$4.00
Implied Price per lb. of MM Reserves (US\$/mm lbs) (5)	\$0.08	\$0.08	\$0.08	\$0.08
Implied Price per lb. of MM 2004B Copper Production (US\$/mm lbs) (3)	\$5.75	\$5.75	\$5.75	\$5.75

Sources: Company Information and FactSet.

1 As of March 31, 2004.

2 As per GM Term Sheet - May 7, 2004.

3 As per Grupo Mexico management budget for 2004.

4 As per SPCC management presentation May 21, 2004. Contained copper.

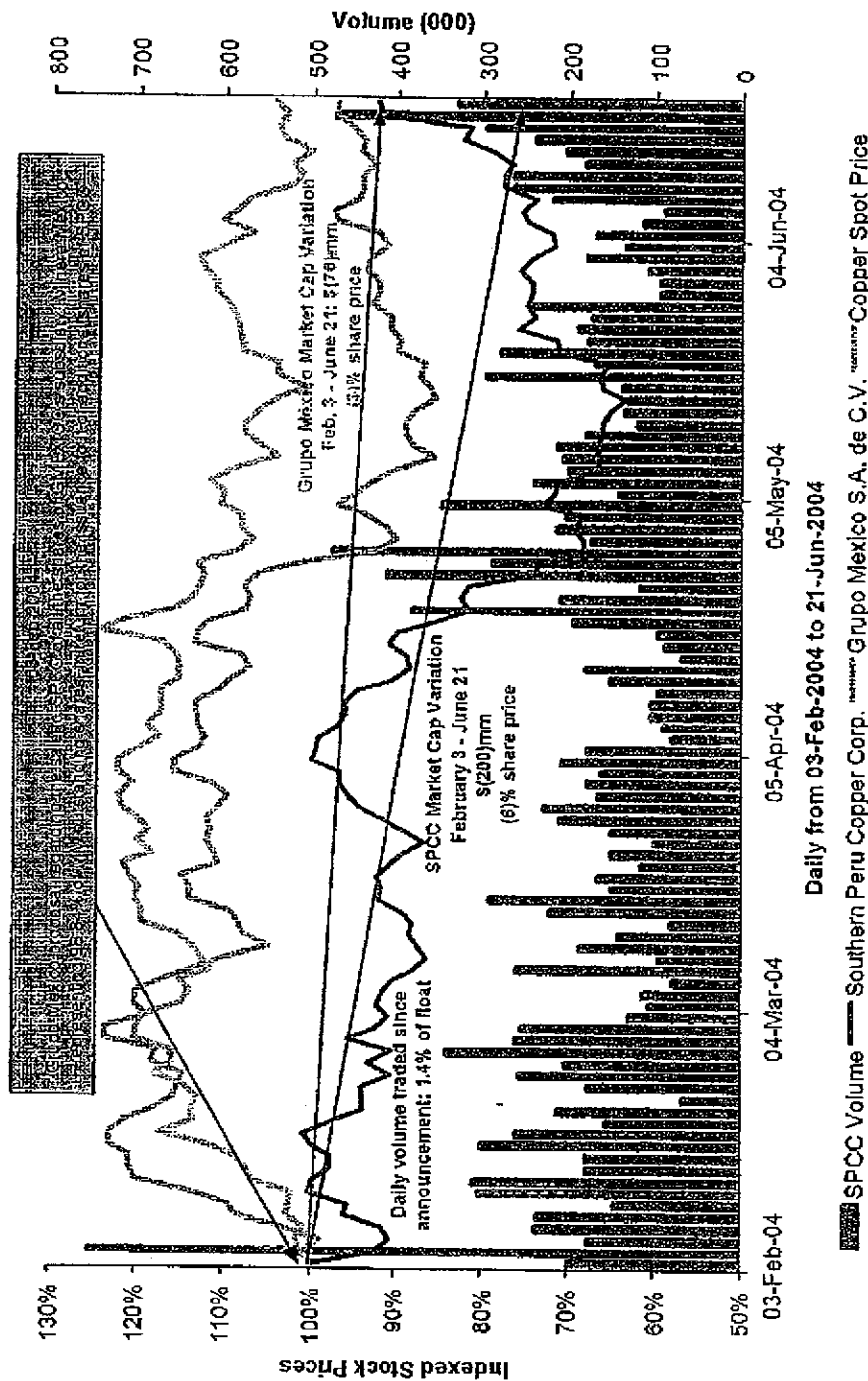
5 Provided by MM management for 2004. Includes MMMSA copper reserves. Contained copper.

6 EBITDA given in Grupo Mexico presentation adjusted for workers comp.



# SPCC and Grupo México

Share Price Performance Since Announcement of Proposed Transaction<sup>1</sup>



<sup>1</sup> Source: Factset.



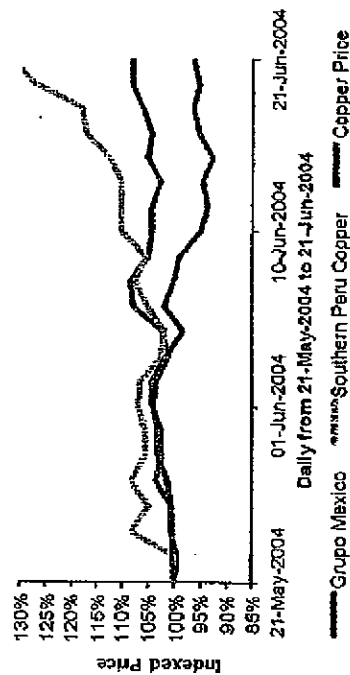
# SPCC vs. Grupo México Recent Stock Performance

As of June 21, 2004

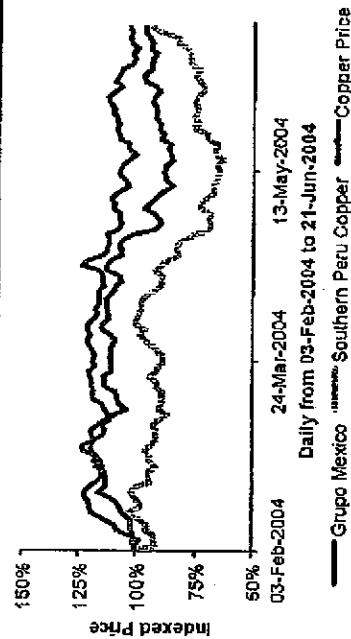
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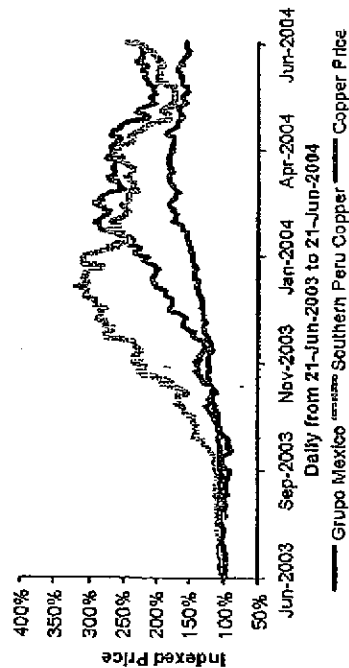
1 Month



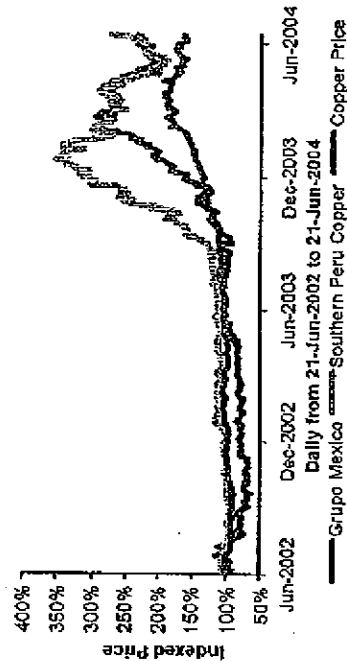
Since February 3, 2004



1 Year



2 Years



Note: GM prices in USD  
Source: Factset



# Copper Players Stock Market Performance

As of June 21, 2004

Company	Stock Price Performance			
	2 Years	1 Years	3-Feb-2004	1-month
SPCC	172.8%	145.9%	(6.0)%	32.8%
Grupo Mexico	133.2%	130.5%	(2.7)%	8.1%
Antofagasta	82.2%	60.0%	(24.9)%	4.0%
Freeport McMoRan	65.7%	30.8%	(12.5)%	(1.0)%
Phelps Dodge	87.0%	93.1%	(1.2)%	13.8%
Mean	108.2%	92.7%	(9.5)%	11.5%
Median	87.0%	93.1%	(6.0)%	8.1%
Copper Prices	63.1%	56.2%	4.3%	(3.2)%

Source: FactSet and Datastream.  
Note: Prices in USD using daily ex-rate.

# Common Stock Comparison

As of June 21, 2004

(US\$ in millions, except per share data)

Company	Closing Price 06/21/04	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)										LTM Margins (4)	
					Sales				EBITDA				EBIT			
					LTM	2004	2006	LTM	2004	2006	LTM	2004	2006	LTM	2004	2006
Andragora	\$16.76	73 %	\$3,305	\$4,332	3.9x	NA	NA	8.1x	5.7	5.5	10.5x	48.7%	36.0 %			
Freemont/MoBan (3)	31.92	69	6,535	8,375	4.1	3.3	2.5	9.8	8.3	4.1	12.3	42.5	33.3			
Phelps Dodge	73.31	82	6,930	8,278	1.7	1.3	1.2	8.5	4.2	3.5	16.7	20.4	11.0			
Soylham Rent Copper (4)	39.90	77	3,115	3,197	3.6	2.8	NA	8.1	5.5	NA	10.0	49.9	35.8			
Grupo Mexico (5)	3.15	81	2,727	6,617	2.3	1.8	NA	6.8	4.4	NA	15.9	34.5	14.7			
High	55 %		\$1,390	\$1,375	4.1x	3.6x	2.5x	9.8x	8.3x	5.5x	10.5x	48.7%	36.0 %			
Mean	76 %		\$1,521	\$1,510	3.1x	2.4x	1.9x	8.2x	5.3x	4.4x	13.8x	50.0%	36.7 %			
Median	76 %		\$1,505	\$1,517	3.8x	2.4x	1.9x	8.1x	5.3x	4.1x	12.3x	49.5%	33.5 %			
Low	69 %		\$1,221	\$1,319	1.7x	1.3x	1.2x	6.8x	4.2x	3.5x	10.0x	20.4%	11.0 %			

(1) Source: Latest publicly available financial statements. Equity Market Cap based on closing shares outstanding.  
 (2) Source: LTM numbers are based upon the latest publicly available financial statements. All projected sales, EBITDA, and EBIT sources: BES median estimate.  
 (3) Not for sale for acquisition of PT Persepsi Power in July 2003 due to insolvency.  
 (4) Shares include both common stock and debt. 2004 EBITDA and Sales projections as per Grupo Mexico presentation dated June 2004. EBITDA is adjusted for workers compensation. 2004 EBITDA and Sales projections as per Grupo Mexico presentation dated June 2004, adjusted for workers comp by assuming historical EBIT margin. All debt includes minority interest (SPCO valued at market value and other subsidiaries at book value).

# Public Market Multiples of Copper Production and Reserves

	Phelps Dodge	SPCC	MM	Antofagasta
Market Cap (\$ mm) (1)	\$6,930	\$3,115	\$3,147	\$3,305
Net Debt (\$ mm) (2)	\$1,347	\$73	\$1,153	\$1,027
Enterprise Value (\$ mm)	\$8,278	\$3,188	\$4,300	\$4,332
Copper Production (mm lbs) (3)	2,335	847	747	1,040
Implied Production Multiple (x) (b)	\$3.54	\$3.78	\$5.76	\$4.18
Reserves (mm lbs) (4)	46,517	33,290	55,336	20,254
Implied Reserve Multiple (\$/lb)	\$0.18	\$0.10	\$0.08	\$0.21
Reserves/Production	19.9x	39.3x	74.1x	19.5x

Sources: Company filings and company presentations.

<sup>1</sup> Market cap as of June 21, 2004. Values for MM as per Term Sheet proposal.

<sup>2</sup> Net debt as of 1Q04, except of Antofagasta (4Q03). Net debt for SPCC excludes minority interest.

<sup>3</sup> Copper production for SPCC and MM as per 2004 Budget. Copper production for Antofagasta and Phelps Dodge for 2003.

<sup>4</sup> Proven and probable reserves - contained copper. Reserves for Antofagasta and Phelps Dodge as of December 2003. Reserves for SPCC as per night presentation. Reserves for MM as per night.

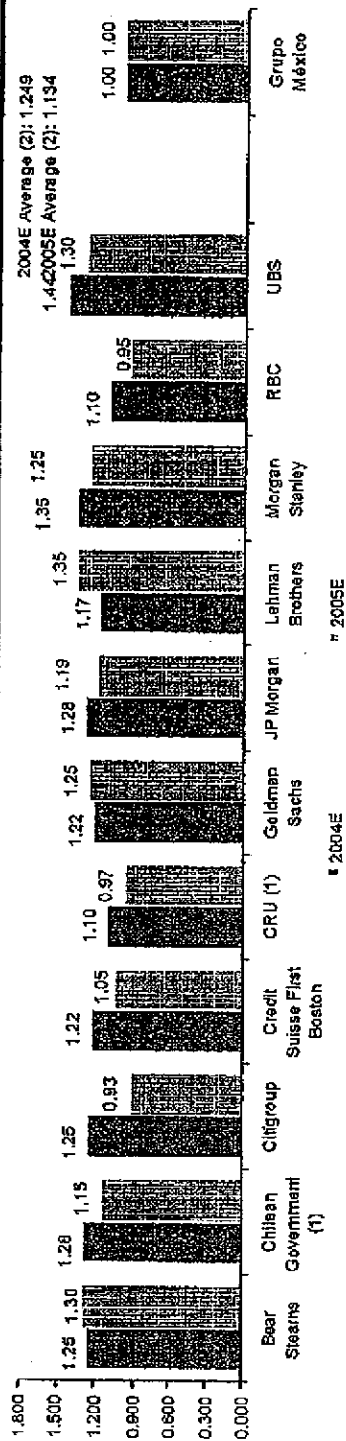
## II. Update on Historical and Projected Commodity Prices

# Commodities Price Forecast

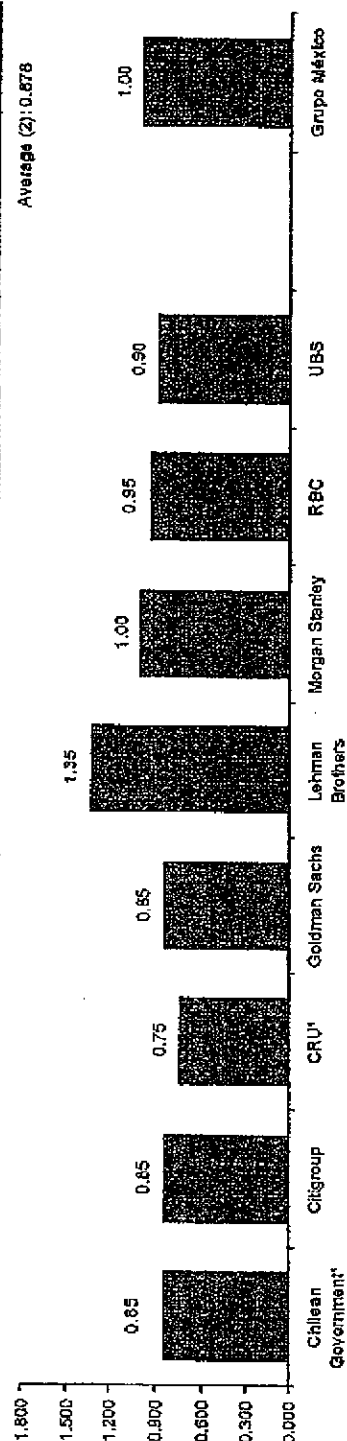
Copper

As of June 2004

Short Term Copper Price Forecast (US\$/lb)



Long Term Copper Price Forecast (US\$/lb)



\* When long term forecasts not available, assumes 2008E price forecasts as proxy for long term price forecast

Note: Research Estimates as of April 2004, except for JPMorgan (February 28, 2004), CRU (March 2004) and Goldman Sachs (June 2004). Chilean Government refers to presentation made by Comisado

Chilena del Cobre on May 3, 2004.

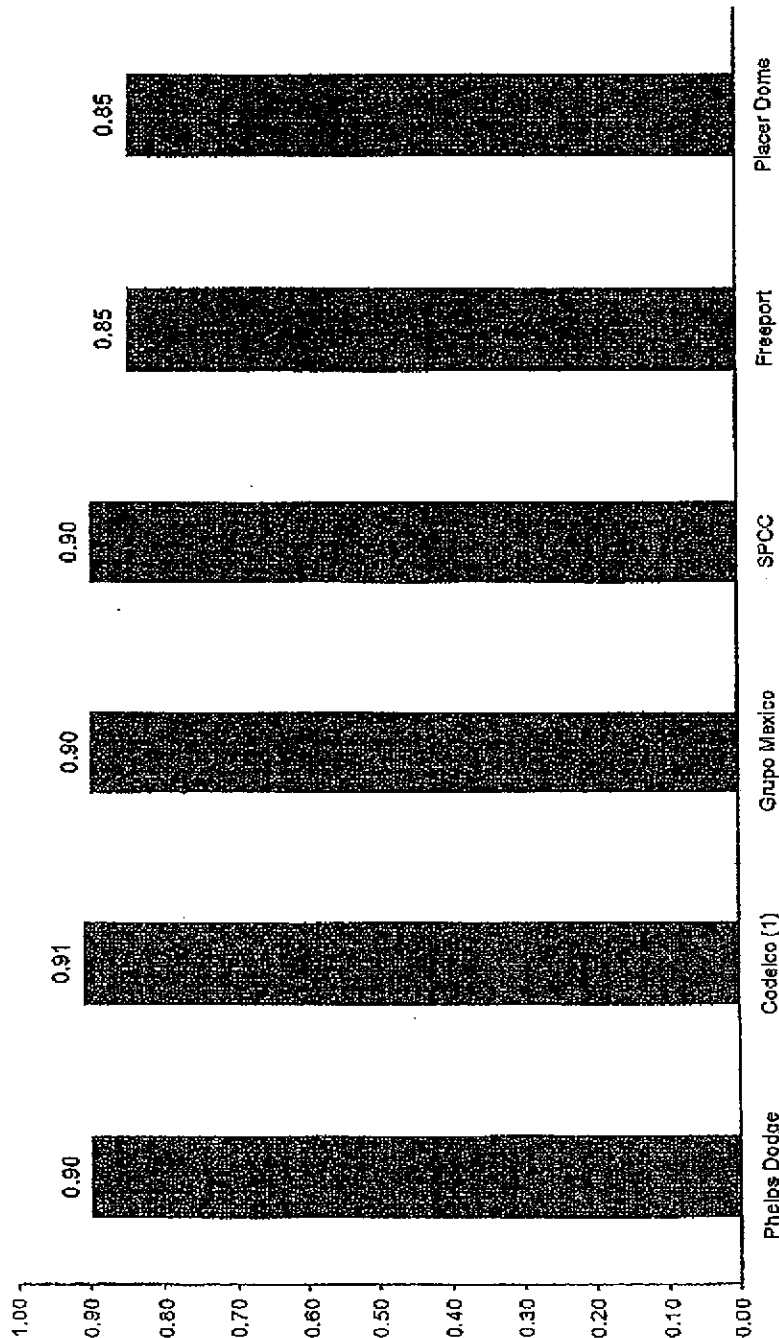
2 Average excludes Lehman Brothers estimates.



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## Copper Price Outlook by Key Players

(US\$/lb)



Source: 2003 company filings, mgmt. and presentations.

<sup>1</sup> 2008 copper prices estimate as of April 2004.

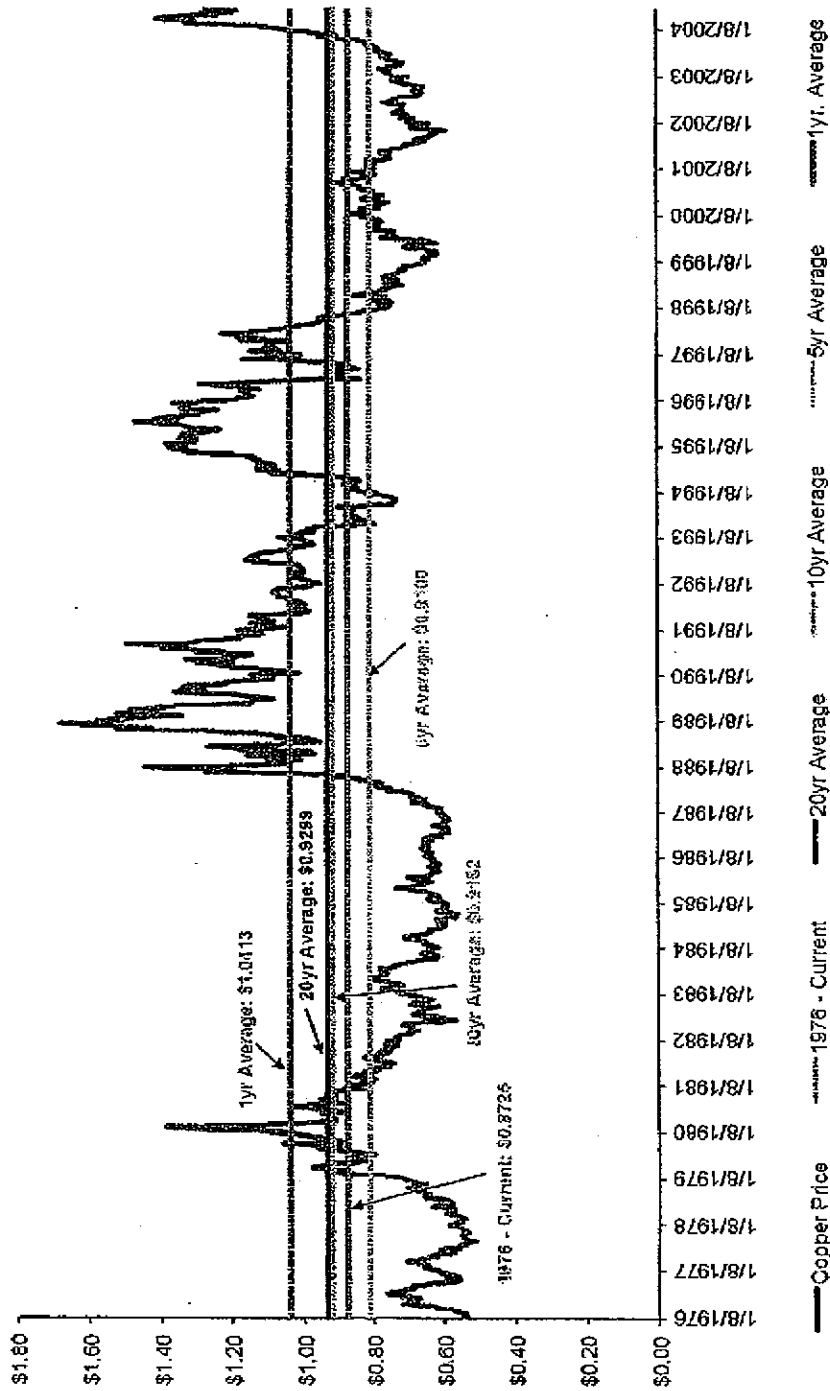


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# Commodities Price Forecast

Copper

(Nominal US\$/lb)



Source: Datastream. Weekly data.



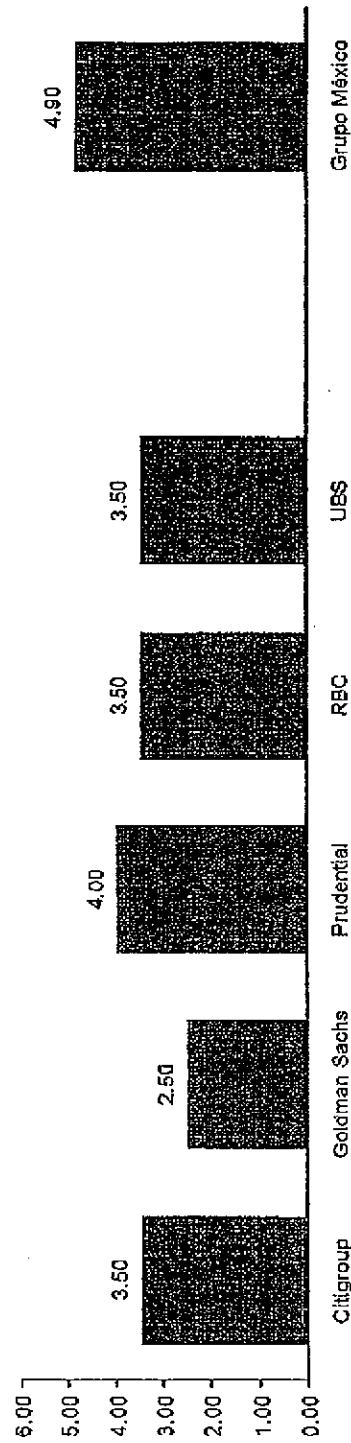
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## Commodities Price Forecast

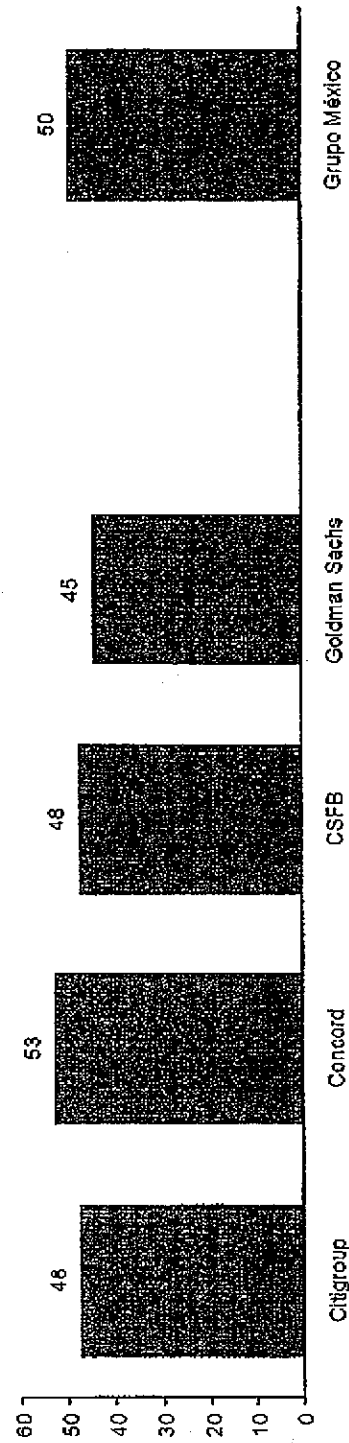
Molybdenum and Zinc

As of June 2004

Long Term Molybdenum Price Forecast (US\$/lb)



Long Term Zinc Price Forecast (cents/lb)





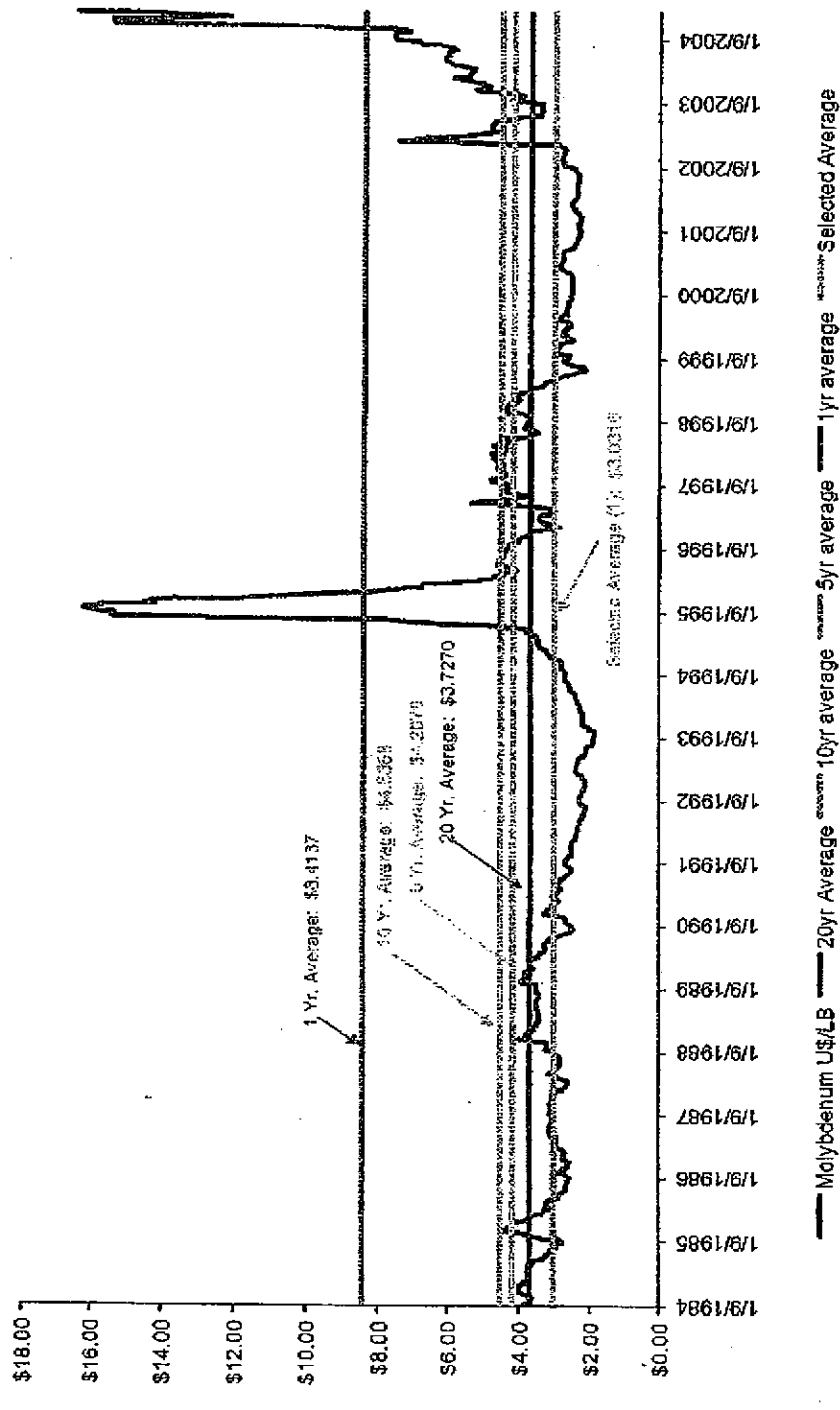
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# Commodities Price Forecast

Molybdenum

(Nominal US\$/lb)



Source: Datastream

\* Selected average excludes May 94 to May 96 and June 02 to the present.



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### **III. Discussion of SPCC Projections**

# Preliminary Review of Estimates

(US\$ in millions, unless otherwise stated)<sup>1</sup>

## Minera México

	1Q 2004	Annualized 2004	Business Plan as Provided by MM Management in April 2004	Pro-forma Business Plan Assuming Copper Price of \$1.15 /lb and Grupo México Production Levels	2004 Budget as per Grupo México Investor Presentation
Copper Sales (kmt)	88.8	355.7	345	339	339.0
Net Revenues (US\$ mm)	\$328	\$1,314	\$1,140	\$1,222	\$1,251
EBITDA (US\$ mm)	\$167	\$687	\$542	\$635	\$624
EBITDA Margin	50.8%	50.8%	47.8%	52.0%	49.9%
Avg. Copper Price (US\$/lb)	1.23	N.M.	1.00	1.15	1.15
Capex (US\$ mm)	\$28	\$111	\$127	\$127	\$123

## SPCC

	1Q 2004	Annualized 2004	Business Plan as Provided by SPCC Management in May 2004	Pro-forma Business Plan Assuming Copper Price of \$1.15 /lb and Per Reversion of Workers Profit Share as Per Grupo México's 2004 Budget	2004 Budget as per Grupo México Investor Presentation
Copper Sales (kmt)	94.8	376.2	383.0	384.0	384.0
Net Revenues (US\$ mm)	\$274	\$1,096	\$986	\$1,112	\$1,126
EBITDA (US\$ mm)	\$155	\$624	\$472	\$530	\$533
EBITDA Margin	55.9%	56.8%	47.9%	56.7%	56.2%
Avg. Copper Price (US\$/lb)	1.23	N.M.	1.00	1.15	1.15
Capex (US\$ mm)	\$40	\$161	\$346	\$346	\$210

<sup>1</sup> First quarter results as per Grupo México's results release. 2004 Budget as per Grupo México presentation to investors in June 2004. Business plans supplied by MM and SPCC management teams in April and May 2004 respectively.

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# Discussion of SPCC Projections Key Observations

Topic	Observation
Consolidation	■ Valuation of three main operating units (Cajone, Toquepala and Ilo) as one single operating company
Projections	■ Projections based on SPCC's financial model as supplied by management in US\$ real terms ■ Five year historical figures provided ■ Valuation based on life of mine model
Valuation	■ Valuation as of January 1, 2004. Mid-year convention used ■ Net debt as of March 31 <sup>st</sup> , 2004 ■ Company copper price assumption of US\$1/lb and moly of 4.9/lb through the life of mine. Sensitivities performed to copper and moly prices ■ Assumes 35% tax rate, workers labor share participation of 0.7% and workers profit rate of 8% ■ Effect of royalties not included in the projections — Proposed mining royalty was recently approved by Peru's Congress as a % of sales. However, a few aspects of the applicability of the royalty tax are still to be defined. SPCC management has not incorporated the tax into the projections, on a preliminary basis, management estimated an impact of about 2% of sales
Changes to Company Assumptions	■ A&S changes to SPCC Case limited to capex assumptions — Capex increase for Ilo smelter modernization program due to potential contingencies, changing the total amount from approximately \$320mm to \$385mm. Additional changes to maintenance and replacement capex — Overall NPV Impact of A&S changes to the model is about \$70 mm assuming a 9% discount rate ■ Valuation analysis presented under two different scenarios in terms of operating assumptions in the next few pages; — SPCC Case, based on assumptions as provided by management — Alternative Case, for illustrative purposes, which incorporates changes to normalize ore grades, ore milled, recovery rates and capex based on historical information and Wall Street Research — Sensitivity analysis to copper and molybdenum prices were performed in both SPCC and Alternative cases

<sup>1</sup> Alternative Case incorporates the following changes in assumptions: ore grades for Toquepala and Cajone kept constant through the life of mine based on average grades from 1999 - 2004. Ore milled and recovery rates kept constant through the life of mine based on 2003 figures. Capex assumptions from 2003 through 2015 based on Wall Street Research.

# SPCC

## Major Expansion Plans and Projects

Major expansion projects for SPCC include the Ilo smelter modernization program and Toquepala capacity expansion started in 2001

### Major Expansion Plans (Included on Projections)

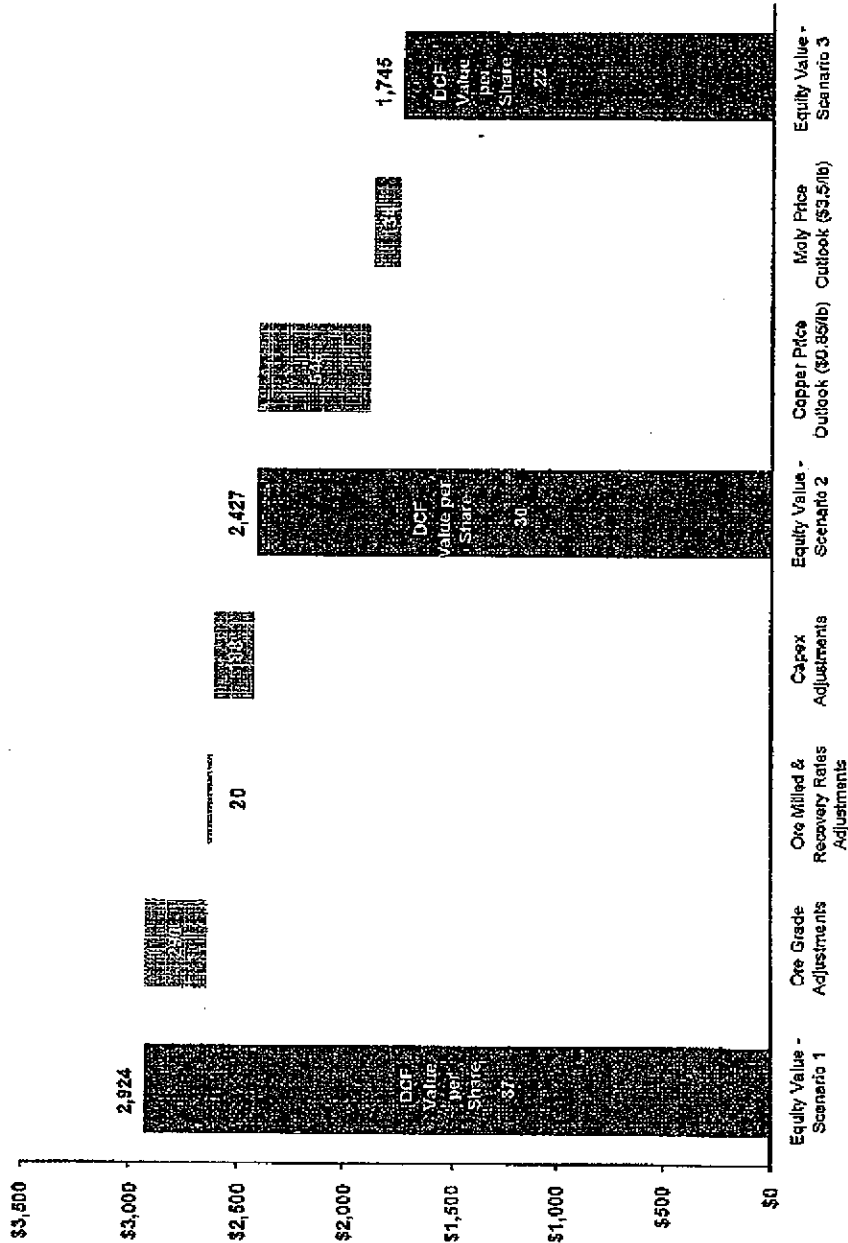
Project Description	Total Investment (US\$m)	Impact	Expected Completion Date
■ Smelter Modernization at Ilo - Phase I - compliance with PAMIA environmental regulation	330	Cost reduction and environmental compliance	January 2007
■ Crushing, Conveying and Leaching low grade material - Toquepala	69	Haulage cost reduction & increased SX-EW recoveries	December 2004
■ Toquepala			
— Possible expansion from 60,000 to 90,000 MTPD under consideration- \$ 525 million			
■ Cuajone			
— Possible expansion from 87,000 to 140,000 MTPD - \$ 600 million			
— Possible 22,000 MTPY SX EW plant - \$ 50 million			
■ Ilo			
— Modernized smelter expansion to 1.7 MMTPY - \$ 400 million - Phase II			
— Refinery expansion from 280,000 to 360,000 MTPY - \$ 50 million			
■ Other			
— Los Chancas - \$ 1,000 million			
— Tía María - \$ 150 million			
— Exploration projects in Chile and Peru			

### Major Projects (Not Included on Projections)



# **Illustrative SPCC DCF Valuation**

Equity Values and Implied DCF Value per Share Under Various Projection Scenarios<sup>1</sup>  
(US\$ in millions)



<sup>1</sup> Equity values at 9% discount rate (mid-point). Ore grade, ore milled, recovery rates and capex normalization based on historical figures and Wall Street estimates. Modifications in metals price outlook: long-term copper price to \$0.85/lb and moly to \$3.50/lb. Scenario 1 refers to Alternative Case incorporating changes in ore grades, ore milled, recovery rates and capex assumptions at \$1.00/lb copper price and \$4.90/lb moly price in the long term. Scenario 2 refers to SPCC Case (with original assumptions as provided by management) at \$1.00/lb copper price and \$4.90/lb moly price in the long term. Scenario 3 refers to SPCC Case incorporating changes to copper prices to \$0.85/lb and moly prices to \$3.50/lb in the long term.



## Summary Key Operating and Financial Metrics

Comparison of SPCC vs. Alternative Scenarios Adjusted for Long Term Copper and Moly Price Outlook

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
<b>Copper Sales (Mtpy)</b>												
SPCC Case	332.1	358.8	384.0	352.1	347.3	355.1	379.6	359.1	347.3	317.3	322.6	341.1
Alternative Case	332.1	358.8	384.0	371.4	370.8	372.8	375.6	377.2	384.8	375.1	373.4	379.7
<b>Revenues (US\$ mm)</b>												
SPCC Case	\$665	\$798	\$1,126	\$1,032	\$855	\$758	\$799	\$778	\$790	\$781	\$787	\$785
Alternative Case	\$665	\$798	\$1,126	\$1,063	\$894	\$788	\$792	\$786	\$808	\$787	\$794	\$808
<b>EBITDA (US\$ mm)</b>												
SPCC Case	\$195	\$308	\$633	\$591	\$424	\$343	\$374	\$349	\$331	\$293	\$308	\$335
Alternative Case	\$195	\$308	\$633	\$630	\$466	\$370	\$374	\$376	\$385	\$369	\$376	\$384
<b>EBITDA Margin (%)</b>												
SPCC Case	29.4%	38.6%	56.2%	57.3%	49.5%	44.7%	46.8%	44.8%	41.8%	37.6%	39.2%	42.2%
Alternative Case	29.4%	38.6%	56.2%	59.3%	52.1%	47.9%	47.2%	47.3%	47.7%	46.9%	47.3%	47.7%
<b>Capex (US\$mm)</b>												
SPCC Case	\$124	\$87	\$210	\$280	\$219	\$73	\$72	\$160	\$149	\$84	\$98	\$100
Alternative Case	\$124	\$87	\$210	\$144	\$144	\$50	\$50	\$50	\$50	\$50	\$50	\$50

*Notes: Both SPCC and Alternative Cases assume copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.10/lb for 2006 and \$0.85/lb thereafter, and moly prices of \$4.35/lb for 2004, \$5.50/lb for 2005, and \$3.50/lb thereafter as per industry research. Both cases assume capitalization of stripping costs, reversion of workers participation to EBITDA and incorporate figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb). Historical information for 2002 and 2003 as per SPCC management. Alternative Case incorporates changes in ore grades, ore milled, recovery rates and capex.*

# **SPCC Preliminary DCF Analysis** Copper Price Sensitivity (US\$ in millions)

Illustrative Equity Value (Life of Mine) SPCC Case						Illustrative Price per Share (Life of Mine) SPCC Case							
Long Term Copper Price - US\$/lb						Long Term Copper Price - US\$/lb							
Discount Rate	10.0 %	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	Discount Rate	10.0 %	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
	9.5 %	\$1,552	\$1,716	\$1,881	\$2,045	\$2,210		9.5 %	\$19	\$21	\$24	\$26	\$28
	9.0 %	\$1,621	\$1,794	\$1,968	\$2,141	\$2,314		9.0 %	\$20	\$22	\$25	\$27	\$29
	8.5 %	\$1,697	\$1,879	\$2,062	\$2,244	\$2,427		8.5 %	\$21	\$23	\$26	\$28	\$30
	8.0 %	\$1,779	\$1,971	\$2,164	\$2,357	\$2,549		8.0 %	\$22	\$25	\$27	\$29	\$32
		\$1,868	\$2,072	\$2,275	\$2,479	\$2,682		8.0 %	\$23	\$26	\$28	\$31	\$34

Illustrative Equity Value (Life of Mine) Alternative Case						Illustrative Price per Share (Life of Mine) Alternative Case							
		Long Term Copper Price - US\$/lb				Long Term Copper Price - US\$/lb							
Discount Rate	10.0 %	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	Discount Rate	10.0 %	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
	9.5 %	\$1,951	\$2,130	\$2,309	\$2,487	\$2,666		9.5 %	\$24	\$27	\$29	\$31	\$33
	9.0 %	\$2,036	\$2,225	\$2,413	\$2,601	\$2,790		9.0 %	\$25	\$28	\$30	\$33	\$35
	8.5 %	\$2,126	\$2,327	\$2,526	\$2,725	\$2,924		8.5 %	\$27	\$29	\$32	\$34	\$37
	8.0 %	\$2,229	\$2,439	\$2,649	\$2,859	\$3,070		8.0 %	\$26	\$30	\$33	\$36	\$38
		\$2,336	\$2,561	\$2,783	\$3,006	\$3,228		8.0 %	\$29	\$32	\$35	\$38	\$40

Note: Both cases assume expensing of stripping costs. For Alternative Case, modifications to production and capex assumptions as per historical figures and Well Street estimates. Under both scenarios, sensitivity analysis to copper prices after 2007. Both cases assume copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.00/lb for 2006 and 2007, and \$0.90/lb thereafter. Both cases incorporate figures from 2004 Budget as per Grupo Mexico presentation to investors (using copper price of US\$1.15/lb).



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# SPCC Preliminary DCF Analysis

Moly Price Sensitivity (Assuming Copper Price of \$0.85 / lb in the long-term)  
(US\$ in millions)

Illustrative Equity Value (Life of Mine) SPCC Case		Long-Term Molybdenum Price (US\$/lb)				
		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
10.0 %	Discount Rate	\$1,506	\$1,551	\$1,596	\$1,641	\$1,686
9.5 %		\$1,572	\$1,620	\$1,667	\$1,715	\$1,763
9.0 %		\$1,644	\$1,694	\$1,745	\$1,795	\$1,845
8.5 %		\$1,723	\$1,776	\$1,829	\$1,882	\$1,935
8.0 %		\$1,808	\$1,864	\$1,920	\$1,977	\$2,033

Illustrative Price per Share (Life of Mine) SPCC Case		Long-Term Molybdenum Price (US\$/lb)				
		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
10.0 %	Discount Rate	\$19	\$19	\$20	\$21	\$21
9.5 %		\$20	\$20	\$21	\$21	\$22
9.0 %		\$21	\$21	\$22	\$22	\$23
8.5 %		\$22	\$22	\$23	\$24	\$24
8.0 %		\$23	\$23	\$24	\$25	\$25

Illustrative Equity Value (Life of Mine) Alternative Case		Long-Term Molybdenum Price (US\$/lb)				
		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
10.0 %	Discount Rate	\$1,920	\$1,966	\$2,010	\$2,055	\$2,100
9.5 %		\$2,003	\$2,050	\$2,098	\$2,146	\$2,193
9.0 %		\$2,093	\$2,143	\$2,193	\$2,243	\$2,293
8.5 %		\$2,190	\$2,244	\$2,297	\$2,350	\$2,403
8.0 %		\$2,297	\$2,353	\$2,409	\$2,466	\$2,522

Illustrative Price per Share (Life of Mine) Alternative Case		Long-Term Molybdenum Price (US\$/lb)				
		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
10.0 %	Discount Rate	\$24	\$25	\$25	\$26	\$26
9.5 %		\$26	\$26	\$26	\$27	\$27
9.0 %		\$28	\$27	\$27	\$28	\$29
8.5 %		\$27	\$28	\$29	\$29	\$30
8.0 %		\$29	\$29	\$30	\$31	\$32

Note: Both cases assume expensing of striping costs. For Alternative Case, modifications to production and capex assumptions as per historical figures and Wall Street estimates. Under both scenarios, sensitivity analysis to copper prices after 2007. Both cases assume copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.10/lb for 2006 and \$0.85/lb thereafter and moly prices of \$6.35/lb for 2004, \$5.50/lb for 2005 and \$3.50/lb thereafter. Both cases incorporate figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb).

# SPCC Preliminary DCF Analysis

## Ore Grade and Ore Milled Sensitivity

(US\$ in millions)

Illustrative Equity Value (Life of Mine) - SPCC Case @ \$0.85/lb Long Term

Ore Milled and SX-EW Production (Annual % Increment)					
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Discount Rate	10.0 %	9.5 %	9.0 %	8.5 %	8.0 %
	\$1,386	\$1,449	\$1,556	\$1,667	\$1,779
	\$1,449	\$1,556	\$1,667	\$1,779	\$1,892
	\$1,518	\$1,631	\$1,745	\$1,861	\$1,979
	\$1,593	\$1,710	\$1,829	\$1,950	\$2,073
	\$1,674	\$1,797	\$1,920	\$2,047	\$2,175

Illustrative Price per Share (Life of Mine) - SPCC Case @ \$0.85/lb Long Term

Ore Milled and SX-EW Production (Annual % Increment)					
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Discount Rate	10.0 %	9.5 %	9.0 %	8.5 %	8.0 %
	\$17	\$18	\$19	\$20	\$21
	\$18	\$19	\$20	\$21	\$22
	\$19	\$20	\$21	\$22	\$23
	\$20	\$21	\$22	\$23	\$24
	\$21	\$22	\$23	\$24	\$25
	\$22	\$23	\$24	\$25	\$26
	\$23	\$24	\$25	\$26	\$27

Illustrative Equity Value (Life of Mine) - SPCC Case @ \$0.85/lb Long Term

Copper Ore Grade (Annual % Increment)					
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Discount Rate	10.0 %	9.5 %	9.0 %	8.5 %	8.0 %
	\$1,360	\$1,421	\$1,544	\$1,667	\$1,793
	\$1,421	\$1,544	\$1,667	\$1,793	\$1,920
	\$1,488	\$1,616	\$1,745	\$1,876	\$2,009
	\$1,561	\$1,694	\$1,829	\$1,966	\$2,105
	\$1,640	\$1,779	\$1,920	\$2,064	\$2,209

Illustrative Price per Share (Life of Mine) - SPCC Case @ \$0.85/lb Long Term

Copper Ore Grade (Annual % Increment)					
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Discount Rate	10.0 %	9.5 %	9.0 %	8.5 %	8.0 %
	\$17	\$18	\$19	\$20	\$21
	\$18	\$19	\$20	\$21	\$22
	\$19	\$20	\$21	\$22	\$23
	\$20	\$21	\$22	\$23	\$24
	\$21	\$22	\$23	\$24	\$25
	\$22	\$23	\$24	\$25	\$26
	\$23	\$24	\$25	\$26	\$27

Note: Assumes expensing of striping costs. Assumes copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.15/lb for 2006 and \$0.95/lb thereafter and moly prices of \$6.36/lb for 2004, \$5.50/lb for 2005 and \$3.50/lb thereafter. Incorporates figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb).



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#### IV. Comparison of SPCC and MM Projections

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# MM and SPCC Comparative Metrics

Company Case Adjusted for Long Term Copper and Moly Price Outlook

(US\$ in millions)

## Management Cases

### Copper Production (Mtpy)

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
MM	\$16.0	330.2	338.0	365.4	360.1	420.3	401.0	433.1	436.7	441.8	463.1	447.5	3.1%
SPCC	332.1	358.8	384.0	352.1	947.3	355.1	379.8	359.1	347.3	317.3	322.6	341.1	-1.3%

### Revenues (US\$ mm)

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
MM	\$738	\$727	\$1,251	\$1,325	\$1,162	\$1,210	\$1,172	\$1,238	\$1,259	\$1,268	\$1,351	\$1,277	0.2%
SPCC	\$688	\$798	\$1,126	\$1,032	\$855	\$768	\$789	\$778	\$790	\$781	\$787	\$795	-3.8%

### EBITDA (US\$ mm)

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
MM	\$106	\$184	\$524	\$691	\$544	\$528	\$488	\$544	\$558	\$576	\$651	\$590	-0.6%
SPCC	\$195	\$308	\$633	\$591	\$424	\$343	\$374	\$349	\$331	\$293	\$308	\$335	-8.8%

### EBITDA Margin (%)

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
MM	14.3%	25.3%	49.9%	52.1%	46.0%	43.7%	41.6%	43.9%	44.3%	45.4%	48.2%	46.2%	-0.9%
SPCC	29.4%	38.6%	56.2%	57.3%	48.5%	44.7%	45.8%	44.8%	41.8%	37.8%	35.2%	42.2%	-3.1%

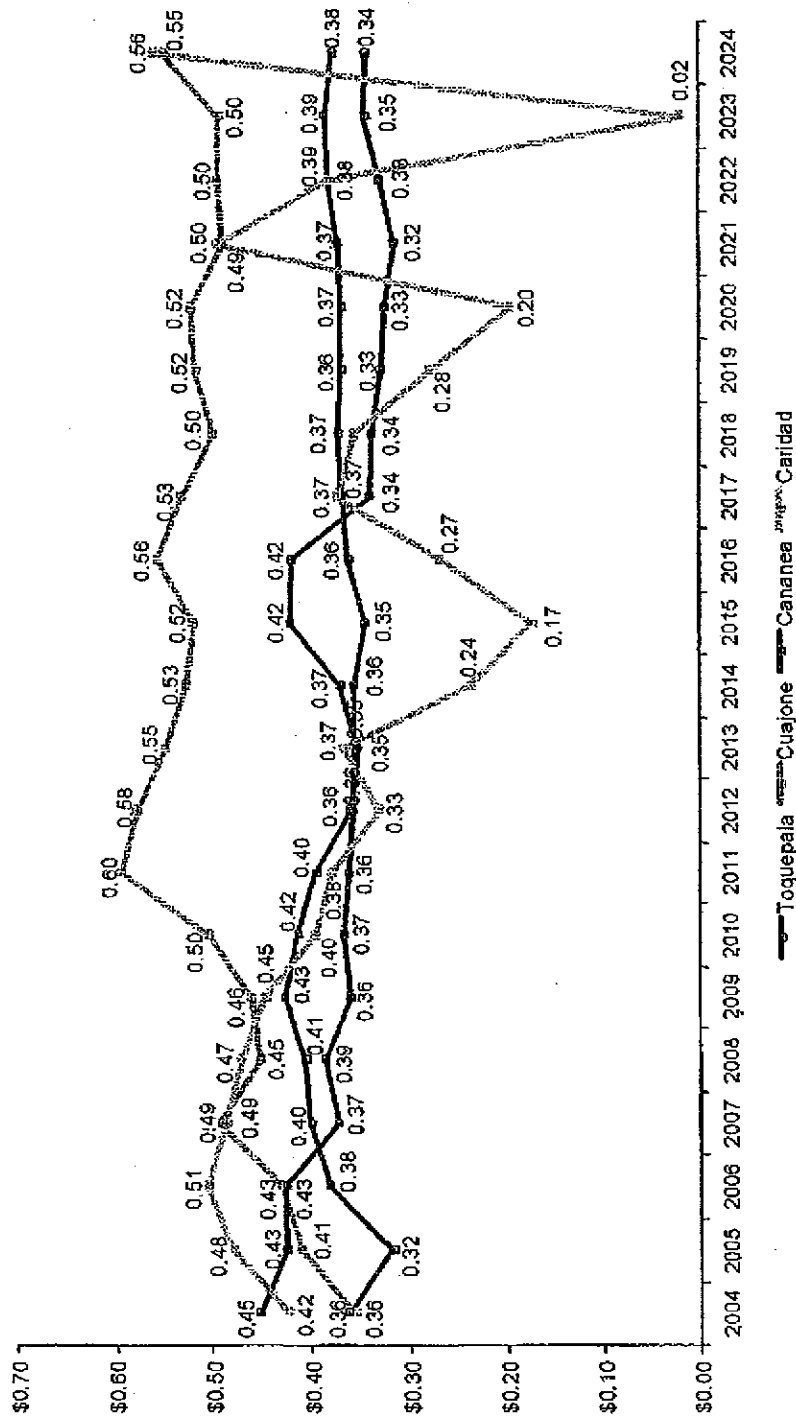
### Capex (US\$mm)

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
MM	\$50	\$57	\$123	\$281	\$290	\$189	\$249	\$211	\$155	\$174	\$168	\$154	2.4%
SPCC	\$124	\$87	\$210	\$290	\$219	\$73	\$72	\$160	\$149	\$94	\$89	\$100	-7.9%

Note: assumes copper price forecast of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1/lb for 2006 and \$0.85/lb thereafter, and moly prices of \$6.96/lb for 2004, \$5.5/lb for 2005, and \$3.5/lb thereafter. Assume capitalization of stripping costs. Incorporates figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb). Historical information for 2002 and 2003 as per SPCC and MM management. Reversion of workers participation to EBITDA.



# MM and SPCC Operating Cash Costs C1 Comparison Per Mine

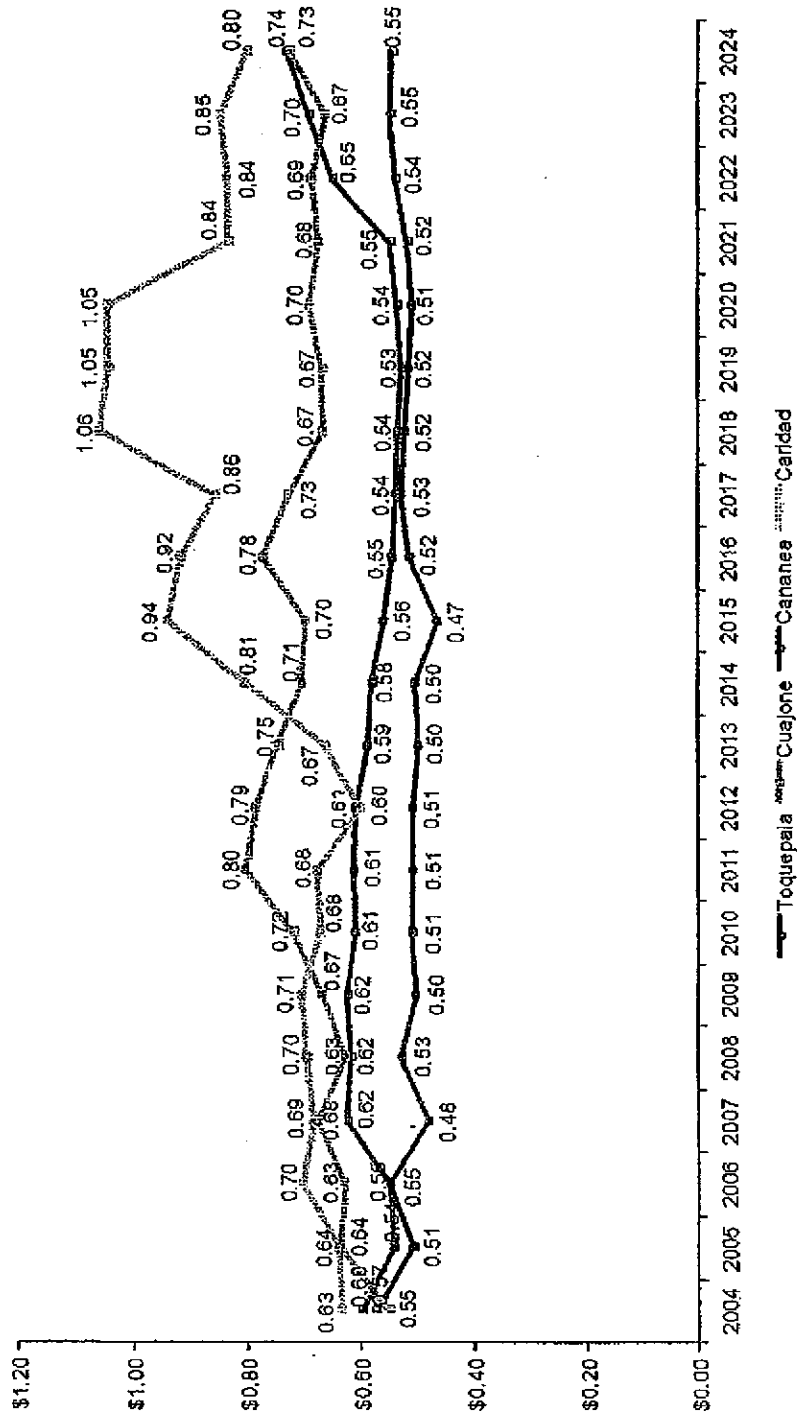


Source: SPCC and MM management. Values as per SPCC Case and MM Case.



# MM and SPCC Operating Cash Costs

C1 Comparison Per Mine Excluding By-Products Credits and Expensing Capitalized Stripping



Source: SPCC and MM management. Values as per SPCC Case and MM Case.

# Illustrative IMMSA Standalone Valuation

(US\$ in millions)

Key Assumptions	Observations
Projections	<ul style="list-style-type: none"> <li>■ Projections as supplied by MM management and modified as per A&amp;S review</li> <li>■ Corporate SG&amp;A and explorations costs allocated to IMMSA as per UBS indication (US\$15mm per year, out of a total of US\$38mm for MM)</li> </ul>
Prices	<ul style="list-style-type: none"> <li>■ MM Case - copper prices of US\$1.15/lb for 2004, US\$1.13/lb for 2005, US\$1.00/lb for 2006 and US\$0.85/lb going forward</li> <li>■ A&amp;S Case - copper prices of US\$1.15/lb for 2004, US\$1.13/lb for 2005, US\$1.00/lb for 2006 and US\$0.85/lb going forward</li> <li>■ Other commodity prices as per MM management projections                             <ul style="list-style-type: none"> <li>— Silver US\$0.5/oz</li> <li>— Gold US\$350/oz</li> <li>— Zinc US\$0.5/lb</li> <li>— Lead US\$0.35/lb</li> </ul> </li> </ul>
Free Cash Flow	<ul style="list-style-type: none"> <li>■ Capex changes under A&amp;S scenario</li> <li>■ Assumes no change in working capital</li> <li>■ 10% workers profit taxes and 32% income tax (33% for 2004)</li> <li>■ Depreciation as provided by MM management. No change to depreciation when changing capex</li> <li>■ 8.5% WACC</li> </ul>

	IMMSA Enterprise Value	% of MM	2004 EBITDA	2004 EBITDA Multiple
MM Case	\$ 713.9	22.1%	122.7	5.8 x
A&S Case	\$ 582.9	21.8%	109.0	5.3 x







**From:** Riva, Sofia <Sofia.Riva@gs.com>  
**Sent:** Wednesday, July 7, 2004 5:04 AM (GMT)  
**To:** cruizs@prodigyweb.net.mx; gperezalonso@infosel.net.mx; hshandel@pritzkerorg.com; migpalomino@yahoo.com; John.Sorkin@lw.com; Charles.Nathan@lw.com; Alicia.Clifford@lw.com; ffuentes@macf.com.mx; ptrad@macf.com.mx  
**Cc:** Werner, Martin <Martin.Werner@gs.com>; Sanchez, Martin <martin.sanchez@gs.com>; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>; Fernandes, Ana <Ana.Fernandes@gs.com>  
**Subject:** Project Pisco  
**Attach:** MEMO UBS\_07.pdf; 32 Presentation to Committee July 7, 2004.pdf; UBS materials July 1, 2004.pdf

Dear all,

Please find attached a preliminary draft of the presentation for Thursday's meeting in Miami.

We are also attaching a copy of "Discussion Materials" sent by UBS as well as a memorandum with observations.

Please let us know of comments/observations.

Best regards,

The GS Team

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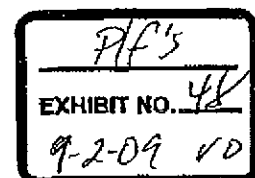
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Preliminary Draft

## MEMORANDUM



**To:** Carlos Ruiz Sacristan  
Gilberto Perezalonso Cifuentes  
Harold Handelsman  
Miguel Palomino

**cc:** Charles Nathan, Esq.  
John Sorkin, Esq.

**From:** Goldman Sachs team

**Date:** July 6, 2004

**Re:** Preliminary Observations Regarding Discussion Materials Received from UBS

On July 2, 2004, we received discussion materials from UBS ("Discussion Materials"), which we attached to this memorandum. The Discussion Materials include information on Southern Peru Copper Corporation ("SPCC") and Minera Mexico ("MM") as well as public information, and attempt to address some of the issues discussed between Goldman, Sachs & Co. ("Goldman Sachs", "GS" or "we") and UBS Investment Bank ("UBS") during a meeting held on June 16<sup>th</sup>, on subsequent conference calls and via e-mail correspondence. In this memorandum, we briefly address some of the points made by UBS in the Discussion Materials. In this memorandum, we are also making reference to the presentation being prepared by Goldman Sachs for the meeting with the Special Committee on July 8<sup>th</sup> ("GS Presentation") and to information provided by the mining consultants from Anderson & Schwab ("A&S"), and use the same "Section" references as set forth in the Discussion Materials.

### Section 1 - Metal Prices

In this section, UBS discusses copper and molybdenum prices assumptions from certain third party sources. The average long term forecasts of copper and molybdenum prices included in the Discussion Materials – US\$0.90/US\$0.95/lb and US\$3.50/lb, respectively – are both lower than the long-term price assumptions used in the MM and SPCC projections provided by their respective managements, or US\$1.00/lb for copper and US\$4.9/lb for molybdenum.

In addition, the Discussion Materials include historical long-term average copper and molybdenum prices of US\$1.14/lb and US\$4.33/lb, respectively, in real terms. However, as can be seen in the GS Presentation, the historical average of copper and molybdenum prices depends on the historical period considered in the analysis.

In addition, Section 1 addresses the CRU copper price assumption. UBS relies on a more recent CRU report than the one in the GS Presentation, with a different 2008E copper price (US\$0.76/lb vs. US\$0.75/lb). However, this change in 2008 estimated prices does not impact

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the analyses in the GS Presentation because, for purposes of these analyses, CRU's long-term copper forecast is excluded from the long-term average calculation used (GS excluded Lehman Brothers on the high end and CRU on the low end in determining average long-term copper price estimates).

## **Section 2 – SPCC Financial Model**

Section 2 discusses a potential significant decline in ore grades in the SPCC mines in the next few years and the possible public perception thereof. UBS provides additional data from Brook Hunt with respect to Toquepala and Cuajone ore grades in support of its position. Even though the average ore grade provided in the ore grade curves is similar for the Brook Hunt and SPCC assumptions, SPCC management indicated that they were not aware of any geological studies by third parties with respect to the evolution of ore grades at Toquepala and Cuajone. We do not know whether Brook Hunt has conducted its own geological studies or has relied on SPCC's management assumptions for its own estimates without an additional geological appraisal. This Brook Hunt information was not previously made available to the Special Committee's advisors during its review.

The second point raised in Section 2 refers to the reconciliation between 2004E EBITDA provided in the SPCC projections and in the budget numbers as presented by Grupo México in a presentation to investors dated June 2004. This issue was discussed with UBS, MM and SPCC prior to the delivery of the Discussion Materials and was discussed with the Special Committee during our conference call of June 23, 2004. The main difference in the EBITDA figures are different copper prices assumptions for 2004 (US\$1.00/lb vs. US\$1.15/lb) and the exclusion of employee profit sharing program from cost of goods sold in the GM Presentation. SPCC includes employee profit sharing costs as part of its costs of goods sold pursuant to US GAAP.

In UBS's comparison of 2004E EBITDA for SPCC, it notes that the 2004 EBITDA estimates from Wall Street average US\$627mm, as compared with the SPCC management's estimate of US\$635mm for that same period, assuming same copper prices in the SPCC management estimates as those of Wall Street Research (maybe in part due to the recent release of guidance for 2004 by Grupo Mexico with respect to its different subsidiaries). However, when the same analysis is done with respect to the EBITDA estimates for 2005 from the same Wall Street analysts, there is on average an EBITDA shortfall of \$35mm versus the EBITDA derived from the SPCC model, using the same assumptions as the Wall Street analysts for both copper and molybdenum.

## **Section 3 – Asset Quality**

The analysis of operating cash cost per mine and consolidated for SPCC and MM assets presented in this Section relies on the same data as that used in the GS Presentation. A key difference is that the Discussion Materials do not include operating cash costs excluding the IMMSA operations and by-product credits, as suggested by A&S. Based on that adjusted comparison, the consolidated costs of SPCC are lower than those of MM.

## **Section 4 – SPCC Considerations**

In Section 4, UBS provides its valuation ranges for SPCC under different WACC<sup>1</sup> and copper price scenarios. UBS also refers to two research houses as a reference for its SPCC's DCF<sup>2</sup>

<sup>1</sup> Weighted Average Cost of Capital.

<sup>2</sup> Discounted Cash Flow Analysis.

valuation, although one of these analysts has a target price per share for SPCC of \$40 per share as of April 30, 2004.

As can be seen in the stock price graphs in Section 4, as of three weeks ago SPCC was in fact the worst performing stock among selected publicly traded mining companies with significant exposure to copper. Research analysts indicate that a principal reason for SPCC stock performance at that point was the uncertainty related to the transaction contemplated by Grupo México and the negative reaction it caused among analysts upon announcement. Recently, SPCC's stock price has rebounded from \$30.9 as of June 9, 2004 to \$40.9 as of July 2, 2004.

#### **Section 5 -- Relative Contribution Analysis**

UBS provides a contribution analysis in Section 5 that does not contemplate the net financial position of SPCC and of MM. If the 2004 Budgeted EBITDA numbers contained in the Grupo México June investor presentation were to be used, approximately US\$576mm for MM and US\$ 585mm for SPCC (adjusted for workers participation), MM participation in the relative contribution would be 49.6% and SPCC would account for 50.4% on the 2004 EBITDA metric, as opposed to the figures provided by UBS. Furthermore, if you assume the current SPCC 2004 EBITDA multiple of 5.6x as a reference and if you applied it to the 2004 Budgeted MM EBITDA figures and adjusted for both companies' relative leverage (net debt of \$1,189mm for MM and positive cash of \$13mm for SPCC), the relative contributions would be 38% for MM and 62% for SPCC on the 2004 EBITDA metric.

#### **Summary**

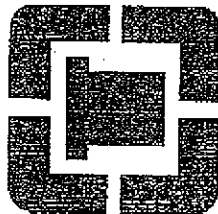
In this memorandum we have attempted to offer the Special Committee with some background on the points being touched upon by UBS on the Discussion Materials. We are planning on discussing these points in further detail with you in our meeting in Miami on July 8<sup>th</sup>.

---

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Presentation Materials for the Special Committee of



**SOUTHERN PERU**

Goldman, Sachs & Co.

July 8<sup>th</sup>, 2004

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VII.	Financial Analyses
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	Appendix B: Additional Information on SPCC and MM
	Appendix C: Credit Comparison

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## I. Executive Summary

Executive Summary 3

## Executive Summary

- Over the past few weeks, Goldman, Sachs & Co. ("Goldman Sachs" or "GS") has worked with the Special Committee of Southern Peru Copper Corporation ("Committee" or "Special Committee"), Latham & Watkins LLP and Mjares, Angolla, Cortés y Fuentes, S.C., legal counsel to the Committee, and mining experts ("Anderson & Schwab" or "A&S") to analyze Minera México S.A. de C.V. ("Minera", "Minera México" or "MM") and Southern Peru Copper Corporation ("SPCC") in connection with the Committee's review of the term sheet submitted by Grupo México S.A. de C.V. ("Grupo México" or "GM"), controlling shareholder of SPCC and of MM, on May 7<sup>th</sup>, 2004 (the "Term Sheet")
- The Term Sheet indicates an implied enterprise value for MM of US\$4,300mm, comprised of US\$1,189mm for the MM net debt (as of May 31, 2004) to be assumed by SPCC and a resulting implied equity value for MM of US\$3,111mm. The Term Sheet contemplates that, in exchange for the 98.84% of MM, SPCC would issue to GM such number of shares of SPCC as is equal to the result obtained by dividing (a) 98.84% of the equity value of MM derived from the one indicated by the Term Sheet by (b) the average closing share price of SPCC for the 20-day period beginning 5 days prior to closing of the transaction providing a "fixed price" to GM for MM
- Assuming the share price of SPCC of \$40.9 (the closing price on the New York Stock Exchange as of July 2, 2004) and the formula provided in the Term Sheet, SPCC would issue 90.6mm new shares to GM, which would result in GM owning 78.5% of SPCC as compared to 54.2% (as of today)<sup>1</sup>
  - The Term Sheet implies a 2004 EBITDA multiple for MM of 7.5x. SPCC's current market capitalization (as of July 2, 2004) implies a 2004 EBITDA multiple of 5.6x
  - Under the Term Sheet proposal, the actual number of SPCC shares to be delivered to GM could be significantly higher or lower than the number of shares indicated in this example, depending on the price of SPCC stock at a period near closing of the transaction
- There are other aspects such as governance, restrictions on sales of shares, indemnity by GM with respect to the assets to be acquired and liabilities to be assumed by SPCC and survival of representations and warranties, among others, that were not specifically addressed in the Term Sheet and the Committee may separately consider.

<sup>1</sup> Grupo México ownership in MM and in SPCC as per Term Sheet and SPCC management. Share price as per Facsist.



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# Executive Summary

(Continued)

- We have performed valuation analyses with respect to both companies based on two main approaches: life of mine model approach and public market multiples for SPCC and other comparable copper companies
  - The life of mine model approach is based on the following assumptions:
    - Projections for MM and SPCC that were prepared by their respective managements, as adjusted to reflect recommendation of A&S
    - A net present value of US\$80 million of non-operating real estate assets at MM as provided by MM and GM management<sup>1</sup>
    - Tax benefits with a net present value of US\$320 million deriving from the amortization of net operating losses, recuperation of asset taxes paid, and elimination of withholding tax based on schedules provided by MM and GM management. For both life of mine models, statutory tax rates applicable in each of the countries of operation have been used<sup>2</sup>
    - Benefit of \$7 million per year in MM EBITDA stemming from the elimination of the management fee charged by GM to SPCC that would be eliminated, as indicated by GM management
    - No benefit from the potential implementation of a new optimization plan for Cananea ("Alternative 3" from the Mintec report), that is still being reviewed by A&S<sup>3</sup>
    - For SPCC, some of the sensitivities performed in the life of mine approach consider potential royalties that may have to be paid by SPCC in the future, as per currently proposed Peruvian legislation that is still being discussed, in the amount of 2.0% of sales as per information provided by SPCC management

<sup>1</sup> Original value from the sale of non-operating real estate assets of US\$150mm as supplied by MM management, adjusted for the sale of Chihuahua and Monterrey for US\$31mm and US\$25mm. Assumes remaining real estate is sold during a 3 yr period (1/3 per year) and cash flows are discounted using a 10.5% nominal discount rate.

<sup>2</sup> Although MM projections do not reflect statutory tax rates, based on GS discussions with the Committee, the life of mine analysis applies statutory tax rates.

<sup>3</sup> Tax benefits have been discounted to present value at a real discount rate of 8.5%. The tax benefits do not include any potential benefits relating to temporary differences between book and tax accounting. The statutory tax rate was used for the valuation of MM. The amount of tax benefits outstanding used for this analysis was provided by MM management and confirmed by Mijinas Angolia.

<sup>4</sup> According to Mintec, Alternative 3 could yield additional US\$240mm in pre-tax net present value, using a 6.75% discount rate, prior to any adjustments by A&S.

# Executive Summary

(Continued)

■ We have also based our analysis on:

— Public market multiples for Grupo México, SPCC and other comparable companies

— Implied values of MM resulting from Grupo México sum of the parts valuation analyses performed by applying public market multiples of comparable companies to the corresponding metrics of each of the main subsidiaries of Grupo México (Asarco, SPCC and Grupo Ferrovial México)

■ Based on these assumptions, we have performed indicative valuation analyses and then determined hypothetical ranges with respect to the number shares that SPCC would issue in the context of the proposed transaction based on these analyses and current market metrics

— the results of these analyses are set forth in this presentation

— However, these analyses indicate a number of shares that would be issued if a "fixed exchange ratio" were agreed to base such analyses — the Term Sheet proposal and its "fixed price" structure would not allow SPCC to determine how many shares would be delivered until just prior to closing

— In addition, since the proposal contemplates that SPCC also would be assuming US\$1,189mm of MM debt, any fluctuations in the share price of SPCC could have a meaningful impact in the number of shares to be issued and in the overall financial impact of the transaction to the non-GM shareholders of SPCC

■ None of the approaches to our analyses takes into account any legal due diligence findings that may affect the liability profile of MM, in particular any environmental liabilities related to GM Asarco subsidiary as well as to the IMM/SA assets



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## **II. Analysis of Financial Aspects of the Term Sheet**

# Analysis of Financial Aspects of Term Sheet MM Proposed Valuation from Term Sheet at Different SPCC Share Prices (US\$ in millions, except per share data)

	MM Proposed Valuation at Different SPCC Share Prices			
	2-Jul-2004	17-May-2004 Lowest Since Announcement	4-Feb-2004	3-Feb-2004
<b>SPCC Public Market Valuation</b>				
SPCC Share Price	\$40.80	\$28.53	\$38.01	\$41.40
SPCC Number of Shares Outstanding (mm)	80	80	80	80
SPCC Implied Market Capitalization	\$3,276	\$2,125	\$3,045	\$3,318
Net Debt (1)	(613)	(613)	(613)	(613)
SPCC Implied Enterprise Value	\$3,268	\$2,112	\$3,031	\$3,303
<b>MM Valuation as Proposed on Term Sheet</b>				
MM Equity Value	\$3,111	\$3,111	\$3,111	\$3,111
Net Debt (2)	\$1,189	\$1,189	\$1,189	\$1,189
MM Enterprise Value (2)	\$4,300	\$4,300	\$4,300	\$4,300
<b>SPCC Target Economic Ownership in MM (2)</b>				
	88.84%	98.94%	98.84%	98.84%
<b>Implied Share Price as per Term Sheet (7)</b>				
	\$33.94	\$32.64	\$47.96	\$48.08
<b>Implied Number of Shares of SPCC to be Issued as per Term Sheet</b>				
	80	94.2	84.1	84.0
<b>Current Economic Ownership of Grupo Mexico in SPCC</b>				
	54.2%	54.2%	54.2%	54.2%
<b>Price-Earnings Ownership of Grupo Mexico in SPCC</b>				
	78.3%	78.0%	74.5%	74.5%
<b>Multiple Analysis</b>				
Implied SPCC 2004 EBITDA Trading Multiple (3)	8.95x	9.5x	6.2x	5.8x
Implied MM 2004 EBITDA Transaction Multiple (3)	8.76x	7.5x	7.5x	7.6x
<b>Copper Price (US\$/lb)</b>				
	1.22	1.20	1.17	1.16
<b>Implied Price per lb. of SPCC Reserves (US\$/mm lbs) (4)</b>				
	\$3,280	\$3,006	\$3,006	\$3,010
<b>Implied Price per lb. of MM Reserves (US\$/mm lbs) (6)</b>				
	\$4,676	\$3,007	\$3,007	\$3,007
<b>Implied Price per lb. of SPCC 2004B Copper Production (US\$/mm lbs) (5)</b>				
	\$3.95	\$2.48	\$3.88	\$3.80
<b>Implied Price per lb. of MM 2004B Copper Production (US\$/mm lbs) (6)</b>				
	\$5.21	\$3.21	\$5.21	\$5.21

Source: Company Information and FactSet.

<sup>1</sup> As of May 31, 2004, supplied by SPCC management. Net debt (cash) includes minority interest at book value.

<sup>2</sup> As of May 31, 2004, supplied by MM management. Net debt (cash) includes minority interest at book value. MM Enterprise Value as per May 31<sup>st</sup> Term Sheet. Grupo Mexico current ownership in MM is 98.84% as per Grupo Mexico Term Sheet.

<sup>3</sup> As per Grupo Mexico management presentation dated May 21, 2004. Refers to contained copper.

<sup>4</sup> As per SPCC management presentation dated May 21, 2004. Refers to contained copper.

<sup>5</sup> Provided by MM management for 2004. Refers to contained copper.

<sup>6</sup> Copper reserves and production have been adjusted to exclude IMMSA. Copper production has been reduced by 5.0% as per historical trend and reserves have been reduced by 687mm lbs as per MM management presentation on April 15, 2004. When calculating multiples MM Enterprise Value has been adjusted to exclude IMMSA. Implied value of US\$600mm as per A&S Case. Assumes no debt assigned to IMMSA.

<sup>7</sup> Assumes the 20 day average 5 days prior to the applicable date used for purposes of calculating the implied number of SPCC shares to be issued and SPCC pro forma ownership.

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# Analysis of Financial Aspects of Term Sheet

Hypothetical Number of SPCC Shares to be Issued at Different Prices for SPCC and Valuations for MM Assuming a Fixed Price Structure and a Fixed Multiple Structure

SPCC Share Price (US\$)	Fixed Price Formula (as per Term Sheet)							Fixed Multiple Formula (1) (2)	
	Implied EBITDA Multiple (1)	Indicative Equity Value of MM (US\$mm)					Implied MM Equity Value at SPCC Multiple (US\$mm)	Implied Number of SPCC Shares to be Issued (mm)	
		\$1,100 4.0 x	\$1,600 4.8 x	\$2,100 5.7 x	\$2,600 6.6 x	\$3,111 7.5 x			
		Implied Number of SPCC Shares to be Issued (mm)							
\$20	2.7 x	54	79	104	128	154	\$370	18	
\$25	3.4 x	43	63	83	103	123	\$759	30	
\$30	4.1 x	36	53	69	86	102	\$1,149	38	
\$35	4.8 x	31	45	59	73	88	\$1,538	44	
\$40	5.5 x	27	40	52	64	77	\$1,928	48	
\$45	6.1 x	24	35	46	57	68	\$2,317	51	
\$50	6.8 x	22	32	42	51	61	\$2,706	54	
\$55	7.5 x	20	29	38	47	56	\$3,096	56	

Note: SPCC share price 52 week high was \$51.65 as of 10/2/2004 and 52 week low \$15.64 as of 7/7/2003.

<sup>1</sup> EBITDA multiple based on 2004 EBITDA of US\$695mm and US\$576mm for SPCC and MM respectively, as per GM presentation to investors on June 2004, adjusted to include workers participation.  
<sup>2</sup> Enterprise Value for MM and SPCC includes net debt of US\$1,189mm and US\$713mm respectively as of May 31, 2004. Implied shares to be issued assume GM ownership in MM of 98.84%.  
<sup>3</sup> For illustrative comparisons.

# Background and Summary of Grupo México Term Sheet

- On February 3<sup>rd</sup>, 2004, Grupo México presented a proposal with its intention of the possible sale to SPCC of the 98.84% of the shares of MM owned by Grupo México
  - No financial terms of the proposal were directly disclosed to the market. No financial terms of the proposal have been publicly disclosed since then
- On March 9<sup>th</sup>, 2004, UBS, Grupo México's financial advisor, made a presentation to the advisors of the Special Committee regarding Grupo México's strategic rationale for the proposed transaction
- On March 25<sup>th</sup>, 2004, the Special Committee received an initial term sheet for the transaction from Grupo México
- On March 31<sup>st</sup>, 2004, the Chairman of the Special Committee requested detailed information regarding Grupo México's proposal
- On May 7<sup>th</sup>, 2004, Grupo México provided the Special Committee with a more detailed term sheet
  - Proposed value of Minera México of US\$4,300 mm, comprised of an equity value of US\$3,147 mm and the assumption of US\$1,153 mm of net debt as of April 2004<sup>1</sup>
  - "The number of SPCC shares to be issued in respect to the acquisition of Minera México would be calculated by dividing 98.84% of the equity value of MM by the 20-day average closing share price of SPCC beginning 5 days prior to closing of the transaction"
  - Proposals regarding corporate governance and protection of minority shareholders
    - "SPCC will remain subject to Delaware law and the rules of the NYSE. Specifically, pursuant to NYSE rules, SPCC will maintain an audit committee consisting of 3 independent directors. In addition, Delaware law provides specific protection to minority stockholders. For instance, under Delaware law, the Board of Directors owes its fiduciary duties to all stockholders and may not favor any one stockholder in its deliberations. Delaware law also provides that the Board of Directors comply with certain procedural requirements in connection with related party transactions so as to ensure the fairness of a related party transaction to SPCC"

Source: Quotes from Term Sheet provided by Grupo México on May 7<sup>th</sup>, 2004.

<sup>1</sup> Net debt as of May 31, 2004 is US\$1,189 mm including minority interest at book value as provided by MM management.

# Background and Summary of Grupo México Term Sheet

(continued)

- Terms and conditions for the assumption or other treatment of MM's debt
  - "The proposed structure contemplates that New SPCC will assume all of Minera México's debt outstanding at closing. GM has secured a commitment from UBS to provide financing to New SPCC, with a 6-year Bullet Facility of up to US\$500 million, a 7-year Term Loan Facility for up to US\$400 million, and a US\$75 million 5-year Revolving Credit Facility, undrawn at closing. Given that the expected amount of bank debt and Secured Export Notes at closing will be lower than US\$900 million, the balance of the facilities could be used to refinance additional indebtedness if appropriate"
- Proposed structure and tax implications
  - "The transaction has been structured as a tax-free reorganization in the U.S. and México"
- Proposed structure for creating a single class of Common Stock
  - "We expect SPCC will seek to obtain stockholder approval to issue the additional shares to be issued to AMC in connection with the proposed transaction. At that time, we also expect that SPCC will seek to obtain the appropriate stockholder approvals for the conversion of the Class A Common Stock into a single class of common stock."
- Proposals Regarding Liquidity for Minority Shareholders
  - "The one class registered share will enhance its liquidity with a solid story to tell based on size, reserves, and one of the lowest unitary cost within the industry. Minority shareholders could have the possibility to address the market, including a shelf registration or a fully marketed secondary offering"

Source: Quotes from Term Sheet provided by Grupo México on May 7<sup>th</sup>, 2004



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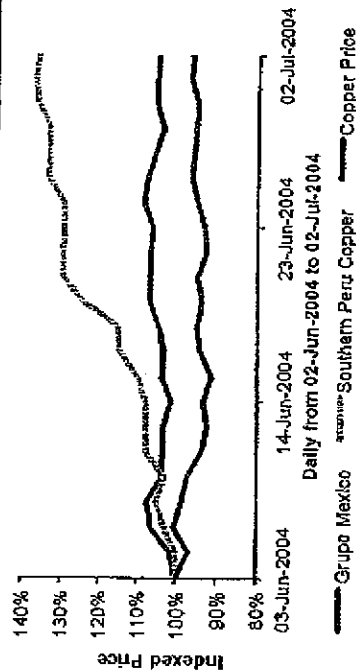
### **III. Public Market Analysis**



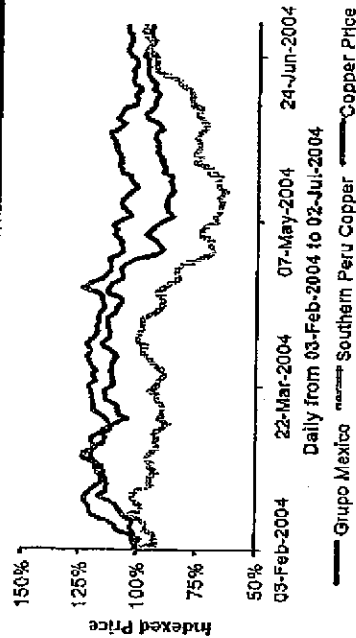
# SPCC vs. Grupo México Recent Stock Performance

As of July 2, 2004

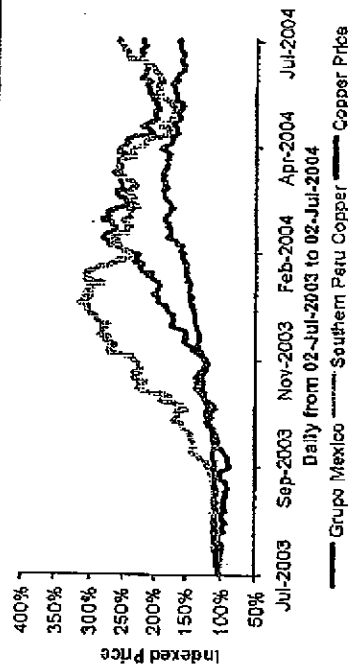
1 Month



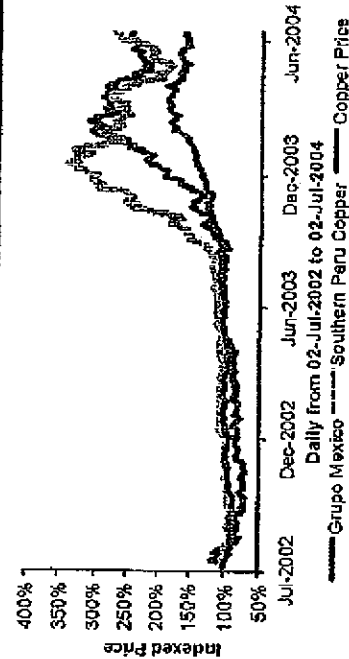
Since February 3, 2004



1 Year



2 Years



Note: GM prices in USD  
Source: Factset

# Copper Companies Stock Market Performance

As of July 2, 2004

Company	Stock Price Performance			
	2 Years	1 Year	Since Feb 3, 04	1-month
SPCC	178.2%	158.0%	(1.2)%	30.9%
Grupo Mexico	141.5%	120.6%	(4.1)%	2.9%
Antofagasta	91.5%	67.9%	(22.8)%	4.6%
Freeport McMoRan	93.5%	35.6%	(9.6)%	0.2%
Phelps Dodge	85.9%	97.8%	0.8%	11.7%
Mean	118.1%	86.0%	(7.4)%	10.0%
Median	93.5%	97.8%	(4.1)%	4.6%
Copper Prices	62.9%	62.8%	5.9%	(6.2)%

Source: FactSet and DataStream.  
Note: Prices in USD using daily exchange rate.

# Public Market Multiple of Comparable Companies

As of July 2, 2004

(US\$ in millions, except per share data)

Company	Closing Price 07/02/04	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)				LTM Margins (1)			
					Sales				EBITDA			
					LTM	2004	2005	LTM	2004	2005	LTM	EBITDA EBIT
Antiochasia	\$17.24	75%	\$3,398	\$4,424	4.0x	NA	NA	6.3x	5.8	5.6	11.2x	48.7% 35.0%
Freeport McMoRan	32.99	71	6,762	8,600	4.2	3.7	2.6	9.9	8.5	4.2	12.6	42.5 33.3
Phelps Dodge	74.79	83	7,078	8,425	1.8	1.3	1.3	8.7	4.3	3.6	16.0	20.4 11.0
Southern Peru Copper (3)	40.90	81	3,276	3,262	3.6	2.9	NA	8.3	5.6	NA	10.2	43.9 35.6
Grupo Mexico (4)	3.11	81	2,688	6,651	2.3	1.9	NA	6.8	4.4	NA	16.0	34.5 14.7
High	53%	83%	\$7,078	\$8,600	4.2x	3.7x	2.6x	9.9x	8.5x	5.6x	16.0x	48.7% 35.0%
Mean	76%	81%	\$4,636	\$6,273	3.5x	2.9x	1.9x	8.4x	5.7x	4.5x	13.2x	46.0% 35.1%
Median	76%	81%	\$3,398	\$5,651	3.6x	2.4x	1.9x	8.3x	5.6x	4.2x	12.6x	42.5% 33.3%
Low	71%	81%	\$2,688	\$3,262	1.8x	1.3x	1.3x	8.7x	4.3x	3.6x	16.0x	20.4% 11.0%

(1) Source: Latest publicly available financial statements. Equity Market Capitalization based on diluted shares outstanding.

(2) Source: LTM (last twelve months) multiples are based upon the latest publicly available financial statements. All projected sales, EBITDA, and EBIT, estimates have been calculated. Projected sales, EBITDA, and EBIT source: IBER median estimates. Enterprise value includes minority interest at book value.

(3) Shares include both common stock and class A common stock. 2004 EBITDA and Sales projections as per Grupo Mexico presentation dated June 2004. EBITDA is adjusted for workers participation. May 2004 of May 2004.

(4) 2004 EBITDA and Sales projections as per Grupo Mexico presentation dated June 2004, adjusted for workers participation by assuming historical EBIT margin. Net debt includes minority interest (SPC) minority interest at market value and other subsidiaries at book value.

# Public Market Multiples of Copper Production and Reserves

Selected Comparable Companies

As of July 2, 2004

	Phelps Dodge	SPCC	MM	Antofagasta
Market Cap (\$ mm) (1)	\$7,078	\$3,276	\$3,111	\$3,398
Net Debt (\$ mm) (2)	\$1,347	(\$13)	\$1,189	\$1,026
Enterprise Value (\$ mm)	\$8,425	\$3,262	\$4,300	\$4,424
Copper Production (mm lbs) (3) (7)	2,667	847	710	1,065
Implied Production Multiple (\$/lb) (7)	\$3.15	\$3.85	\$6.21	\$4.15
EBITDA/Production (5)	\$0.74	\$0.69	\$0.66	\$0.72
Reserves (mm lbs) (4) (7)	46,517	33,290	54,675	20,254
Implied Reserve Multiple (\$/lb) (7)	\$0.18	\$0.10	\$0.07	\$0.22
Reserves/Production	17.4x	39.3x	77.0x	19.0x
Copper Sales as a % of Total Sales (6)	59.0%	87.0%	79.1%	62.1%

Source: Company filings and company presentations.

<sup>1</sup> Market capitalization as of July 2, 2004. Enterprise value for MM as per Term Sheet proposal. Net debt for MM as of May 31, 2004.

<sup>2</sup> Net debt as of TQ04, except of Antofagasta (TQ03). Net debt for SPCC as of May 2004 (includes minority interests at book value).

<sup>3</sup> Copper production for SPCC and MM as per 2004 Budget from Grupo México presentation to investors. 2004 copper production for Antofagasta and Phelps Dodge as per Wall Street Research.

<sup>4</sup> Proven and probable reserves - contained copper. Reserves for Antofagasta and Phelps Dodge as of December 2003. Reserves for SPCC as per night presentation. Reserves for MM as per night.

<sup>5</sup> 2004 EBITDA for MM and SPCC as per Grupo México management budget for 2004 adjusted for workers participation. MM EBITDA adjusted to exclude IMMSA EBITDA of \$104 mm based on A&S Case adjusted for workers participation. 2004 EBITDA for Antofagasta and Phelps Dodge as per Wall Street Research.

<sup>6</sup> Percentages for MM and SPCC as per information provided by night. and based on 2004 sales. 2003 data for Antofagasta and Phelps Dodge.

<sup>7</sup> Copper reserves and production for MM have been adjusted to exclude IMMSA. Copper production has been reduced by 5.0% based on historical information and reserves have been reduced by 65.1mm lbs as per MM management presentation on April 18, 2004. When calculating multiples, Enterprise Value has been adjusted to exclude IMMSA implied value of US\$600mm as per A&S Case. Assumes no debt assigned to IMMSA.

# Research Analysts' Reaction to Grupo México's Proposal

February 2004

Date	Research House	Research Analyst	Comments
February 4 <sup>th</sup> , 2004	Goldman Sachs	Alberto Arias	<ul style="list-style-type: none"> <li>■ Grupo Mexico is proposing the sale of its Mexican mining subsidiary to Southern Peru Copper in exchange of 72.3 million SPCC shares (approximately US\$3.0 bn in value)</li> <li>■ SPCC would be assuming all of the Mexican's mining subsidiary current debt levels of US\$1.3 bn</li> <li>■ Terms appear unfavorable for SPCC on a preliminary basis</li> <li>■ We consider the valuation high for the Mexican's mining subsidiary based on Grupo Mexico's current share price and SPCC share prices</li> <li>■ Opening new access to financing in the NYSE</li> <li>■ We believe that this transaction would turn SPCC into a vehicle by which Grupo Mexico would be able to finance new growth opportunities in the copper market</li> <li>■ We estimate that this transaction would increase Grupo Mexico's interest in SPCC from 54.2% to 76.1%</li> <li>■ Grupo Mexico benefited from the acquisition of Asarco's interest in SPCC last year, which valued Asarco's 54.2% stake in SPCC at approximately US\$765 million when the copper cycle was depressed. Grupo Mexico is now selling its Mexican Mining subsidiary to SPCC at a time when the market has rerated copper assets due to a strong cyclical upturn. We believe that both transactions benefit Grupo Mexico's shareholders</li> </ul>
February 4 <sup>th</sup> , 2004	Centura SAB	Luis Bravo	<ul style="list-style-type: none"> <li>■ Although Minera Mexico ("MM") holds significant copper reserves, their lower ore grade sets Minera Mexico as a less efficient operation than that of SPCC</li> <li>■ It is important to consider that MM's significant leverage ratio (\$1.3 bn in debt) has been the main factor behind its poor financial performance. Therefore, we consider that Grupo Mexico's move may be aimed at improving MM's balance sheet by merging it with that of SPCC's in order to stop eroding value</li> <li>■ Overall, the Special Committee of Disinterested Directors comprised of members of SPCC's Board will evaluate whether the proposal is in the best interest of SPCC's stockholders</li> </ul>
March 11 <sup>th</sup> , 2004	Morgan Stanley	Andres Perez	<ul style="list-style-type: none"> <li>■ Proposed Minera Mexico sale Grupo Mexico has announced that it has proposed selling its Minera Mexico copper mines to its subsidiary Southern Peru Copper for an undisclosed sum plus the assumption of \$1.26 billion in net debt. The value of this transaction will be determined by a committee of independent Southern Peru Copper board members.</li> <li>■ Potential for synergies and conflict of interest exists. The aim of this potential transaction is reportedly to attain both financial and operational synergies by creating the world's second largest copper miner and better managing debt. However, as Grupo Mexico wants to sell its stake in Minera Mexico to another of its controlled subsidiaries, the company owns 54% of Southern Peru, there is a potential conflict of interest with the minority shareholders. As such, the success of this deal will likely be price sensitive. If we assume Minera Mexico would trade at a similar multiple to its North American peers, the stake could be worth an estimated \$2.5 billion, including debt.</li> </ul>

# Research Analysts' Reaction to Grupo México's Proposal

February 2004

Date	Research House	Research Analyst	Comments
February 5 <sup>th</sup> , 2004	Bear Stearns	Daniel Altman	<ul style="list-style-type: none"> <li>■ Motivations for this transaction include (a) transferring its overleveraged Mexican assets to the underleveraged PCU; (b) achieving a higher valuation for its huge reserve base; (c) liquidity – the ability to sell down some of its PCU shares/collect dividends to reduce debt, while maintaining control; (d) primary listing on the NYSE for most of the copper assets; and (e) potential synergies</li> <li>■ Bottom line: Recall, we still view Grupo Mexico as a good, albeit speculative, vehicle to invest in the sector given (a) our robust forecast for copper pricing; (b) solid balance sheet turnaround potential; (c) strong operating leverage to the cycle; and (d) proposed improvements to disclosure/communication with the investment community.</li> <li>■ How might the Minera Mexico (MM) assets be valued?               <ul style="list-style-type: none"> <li>-- Scenario #1 -- EV/EBITDA calculation of US\$850 million based on a 5.2x multiple to MM 2004E EBITDA of US\$413 million (Grupo Mexico's multiple) minus the US\$1.3 billion in debt. This implies roughly 20 million new PCU shares (using Tuesday's closing price).</li> <li>-- Scenario #2 -- EV/EBITDA calculation of US\$1.4 billion based on a 6.5x multiple to MM 2004E EBITDA (PCU's multiple) less the US\$1.3 billion in debt. This implies roughly 33 million new PCU shares.</li> <li>-- Scenario #3 -- Start with the scenario #2 valuation of US\$1.4 billion. Then, Grupo Mexico may try to include an additional value for its copper reserves, arguing that they are not fully "priced in" to the existing valuation given the historical underinvestment of its assets. If we use 25% of our back-of-the-envelope valuation on proven/probable reserves of 8 cents/lb – it would add a further US\$825 million. This implies about 53 million new PCU shares.</li> <li>-- Scenario #4 -- There is speculation in the market that there will be 72 million new PCU shares, implying a MM transaction value of over US\$3 billion. This number seems to coincide with using a full valuation for its proven/possible reserves.</li> </ul> </li> </ul>
February 5 <sup>th</sup> , 2004	Santander Central Hispano	Manuel Salazar	<ul style="list-style-type: none"> <li>■ First, a company with lower profitability would be merged with Southern Peru</li> <li>■ Second, Minera Mexico has US\$1.3 billion in debt, about 44% of Grupo Mexico's total debt. If Southern Peru takes control of Minera Mexico, then it would be responsible for paying the debt.</li> <li>■ Should the deal go through, Southern Peru minority shareholders would, in effect, get a less profitable company burdened with debt, and they have to pay for it by diluting their stake in Southern Peru, which, in our opinion, is not an attractive prospect</li> </ul>



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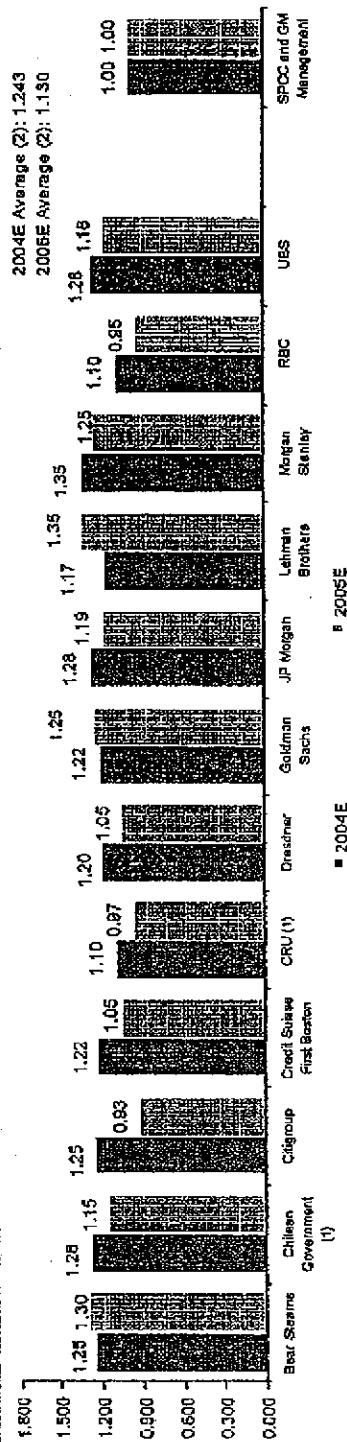
## **IV. Metals Prices Forecasts**

# Commodities Price Forecast

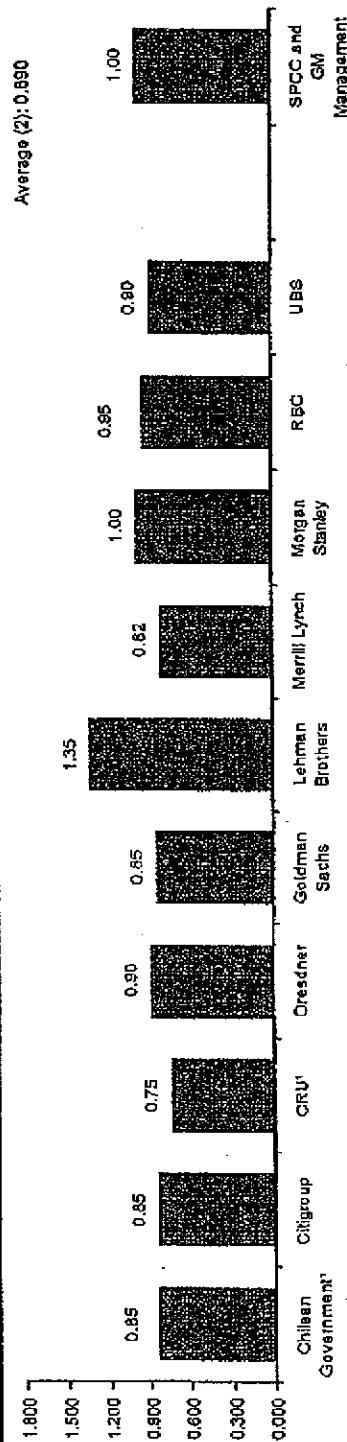
Copper

As of June 2004

Wall Street Research Short Term Copper Price Forecast (US\$/lb)



Wall Street Research Long Term Copper Price Forecast (US\$/lb)



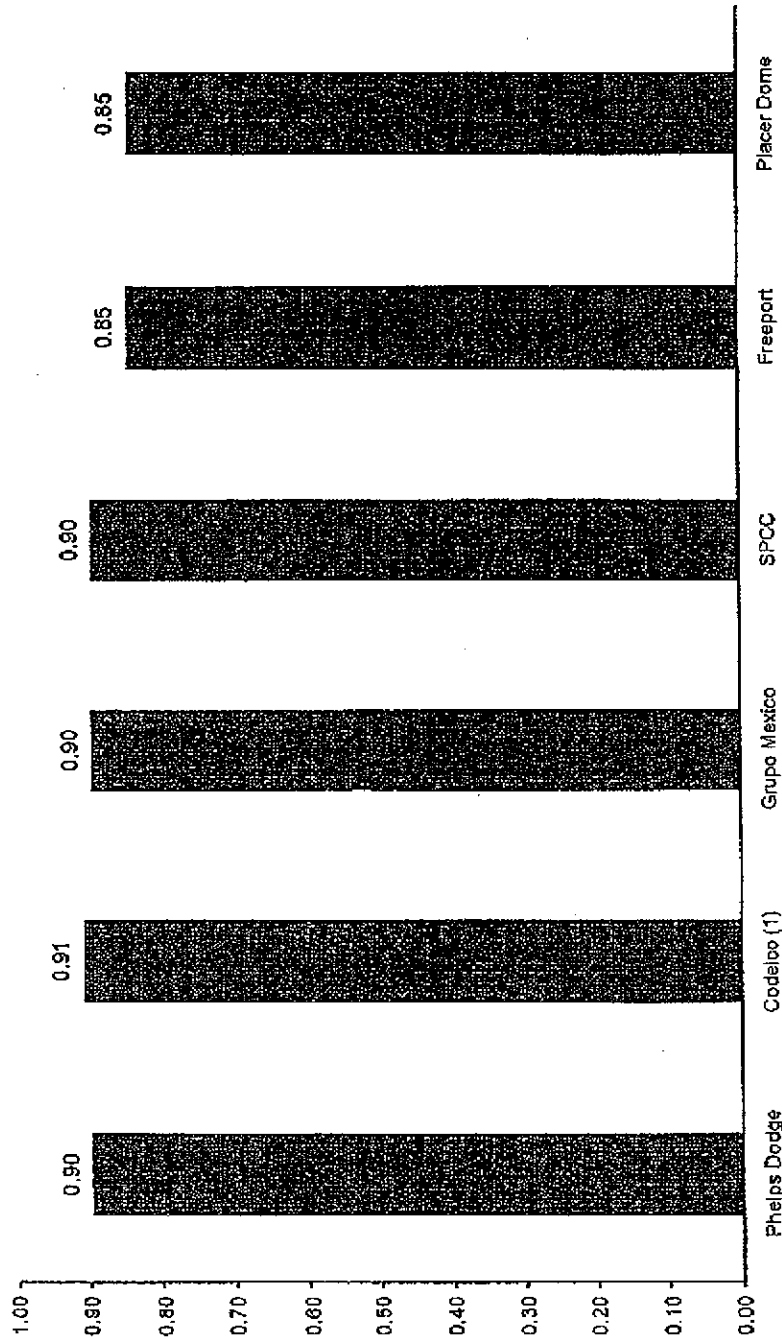
Note: Research Estimates as of April 2004. CRU (March 2004), Dresdner (May 28, 2004), UBS (June 10, 2004), JPMorgan (June 14, 2004) and Goldman Sachs (June 2004). Chilean Government refers to presentation made by Comision Chilena del Cobre on May 3, 2004.  
\* When long term forecasts are not available, assumes 2008E price forecast as proxy for long term price forecast.  
† Average excludes Lehman Brothers estimates. CRU estimates and Grupo Mexico management model.





# Long-Term Copper Price Outlook by Key Players

(US\$/lb)



Source: 2003 company filings, management and company presentations. Based on each company's assumptions of long-term copper price.

<sup>1</sup> 2008 copper prices estimate as of April 2004.

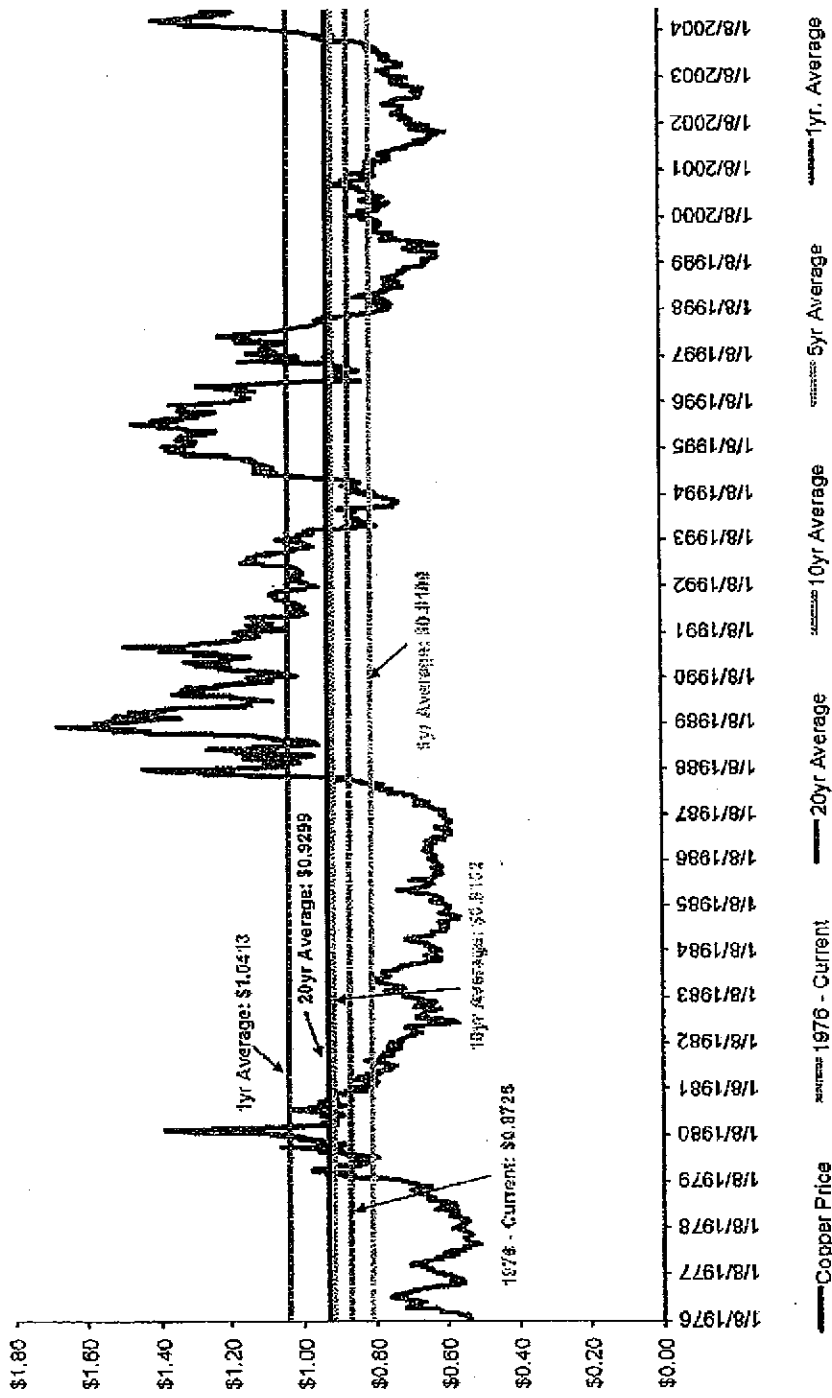


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# Commodities Price Forecast

Copper

(Nominal US\$/lb)



Source: Datastream. Weekly data.



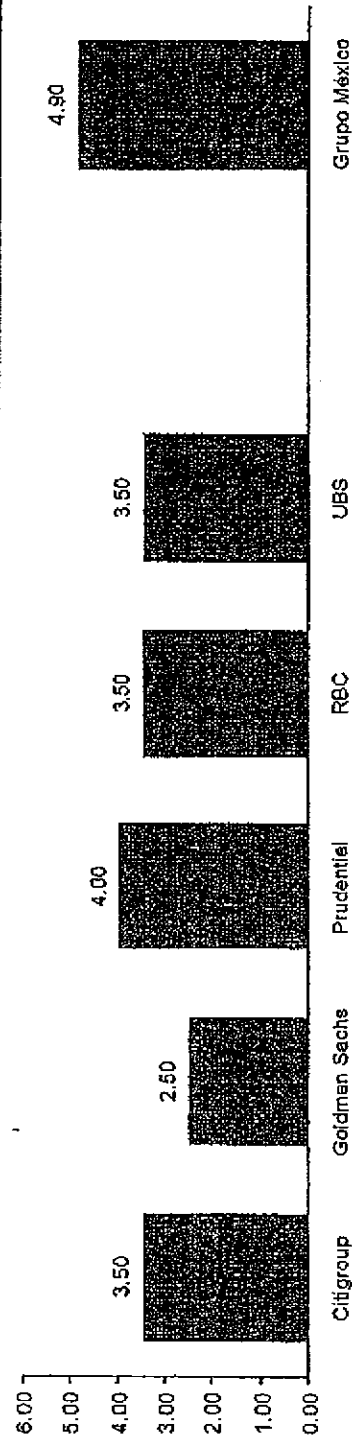
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# Commodities Price Forecast

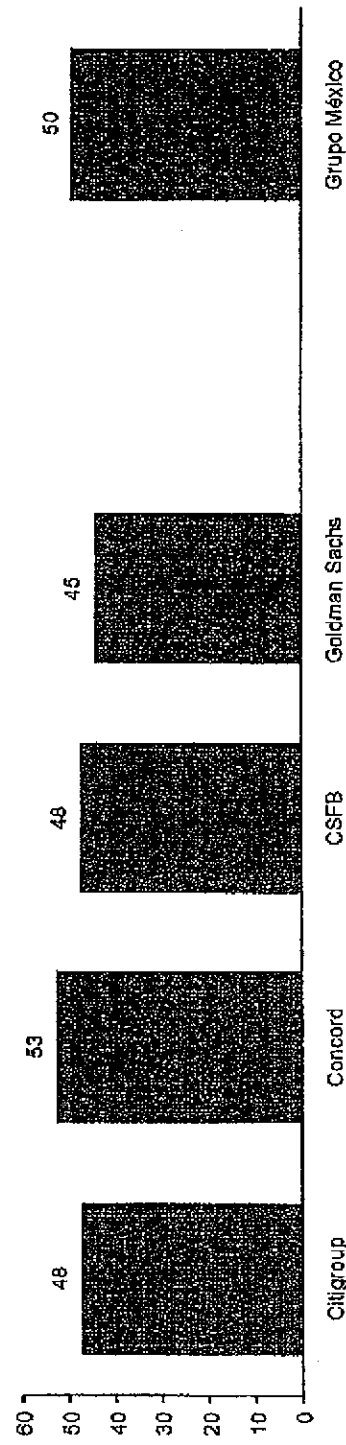
## Molybdenum and Zinc

As of June 2004

Long Term Molybdenum Price Forecast (US\$/lb)



Long Term Zinc Price Forecast (cents/lb)

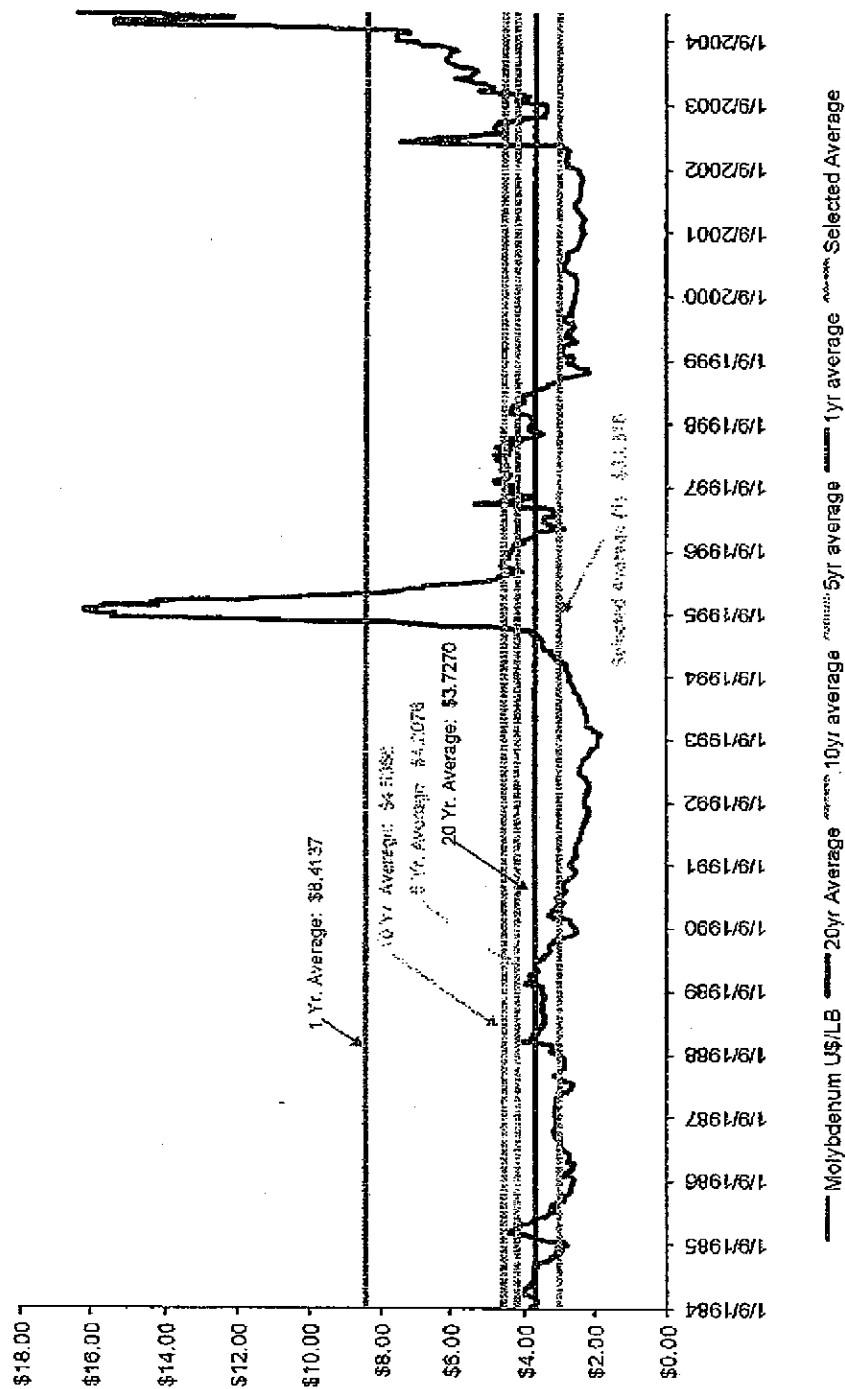


Source: Wall Street Research from April through July 2004.

# Commodities Price Forecast

Molybdenum

(Nominal US\$/lb)



Source: Datastream

\* Selected average excludes May 94 to May 96 and June 02 to the present to normalize due to significant fluctuations during those periods.



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## **V. Discussion on Minera México Projections**

# Discussion of MM Projections Key Observations

Topic	Considerations
Projections	<ul style="list-style-type: none"> <li>■ Projections based on MM's financial model as supplied by MM management in US\$ real terms</li> <li>■ Five year historical figures provided</li> <li>■ Production figures and costs based on third-party metallurgical studies (Mintec for Cananea and Harry Winters for Caridad and IMMSA)</li> <li>■ Life of mine valuation for all three mines               <ul style="list-style-type: none"> <li>— IMMSA mines depleted/closed between 2016 and 2030</li> <li>— Caridad closes in 2061 (based on MM's estimates and in 2031 based on Harry Winters' reports)</li> <li>— Assumes Cananea closes in 2068<sup>1</sup></li> </ul> </li> </ul>
Methodology	<ul style="list-style-type: none"> <li>■ Assumes that transaction closes on September 30, 2004 - adjusts 1<sup>st</sup> year cash flow accordingly</li> <li>■ "MM Case" refers to projections as provided by MM management, with the adjusted copper price outlook (\$1.15/lb for 2004, \$1.13/lb for 2005, \$1.02/lb for 2006 and \$0.90/lb thereafter) and adjusted molybdenum price outlook (\$6.35/lb for 2004, \$6.5/lb for 2005, and \$3.5/lb thereafter) in accordance with Grupo México budget for 2004 and averages provided by Wall Street and other public sources. Original copper price assumption of US\$1.00/lb and of molybdenum of US\$4.9/lb fixed through the life of mine were provided by MM management</li> <li>■ "A&amp;S Case" refers to the MM Case as adjusted to modifications suggested by A&amp;S in production, cost and capex assumptions</li> <li>■ Sensitivities were performed to both MM and A&amp;S Cases to long-term copper and molybdenum prices. Additional sensitivities were performed on weighted average cost of capital in real terms, as well as on production levels</li> <li>■ Net debt of MM as of May 31, 2004 as provided by Grupo México</li> <li>■ Assumes Mexican 33% statutory tax rate for 2004 and 32% statutory tax rate going forward, as well as a workers profit tax rate of 10% through life of mine</li> <li>■ Tax benefits valued based on schedules provided by MM management and include: Tax benefit utilization, asset tax recovery and elimination of withholding taxes on MM debt synergy as indicated by MM management. Net present value of Tax benefits of approximately US\$320mm using a real discount rate of 8.5%</li> <li>■ Includes US\$80mm of non-operating assets (mostly real estate) as provided by MM management<sup>2</sup></li> <li>■ Includes estimated value of synergies related to the \$7mm annual management fee paid to GM that has been proposed by GM management to be eliminated as part of the transaction. Estimated net present value of \$48mm post-tax assuming a real discount rate of 8.5%</li> <li>■ Some major projects not included in projections due to early stage of implementation (as per MM management)</li> <li>■ New optimization plan for Cananea ("Alternative 3") recently developed by GM and Mintec was not included in the projections at this point. According to Mintec, such a plan could yield US\$240mm in incremental value on a pre-tax net present value basis prior to any potential adjustments by A&amp;S, using a 8.75% real discount rate, as per MM management</li> </ul>

<sup>1</sup> Using "Alternative 2" for Cananea from Mintec report as per model originally provided by MM management.

<sup>2</sup> Original value from the sale of non-operating real estate assets of US\$150mm as provided by MM management, adjusted for sale of Chihuahua and Mohave for US\$31mm and US\$25mm. Assumes remaining real estate is sold during a 3 yr period (1/3 per year) and cash flows are discounted using a 10.5% nominal discount rate.

# Summary Key Operating and Financial Metrics

Comparison of MM vs. A&S Scenarios Adjusted for Copper and Molybdenum Price Outlook

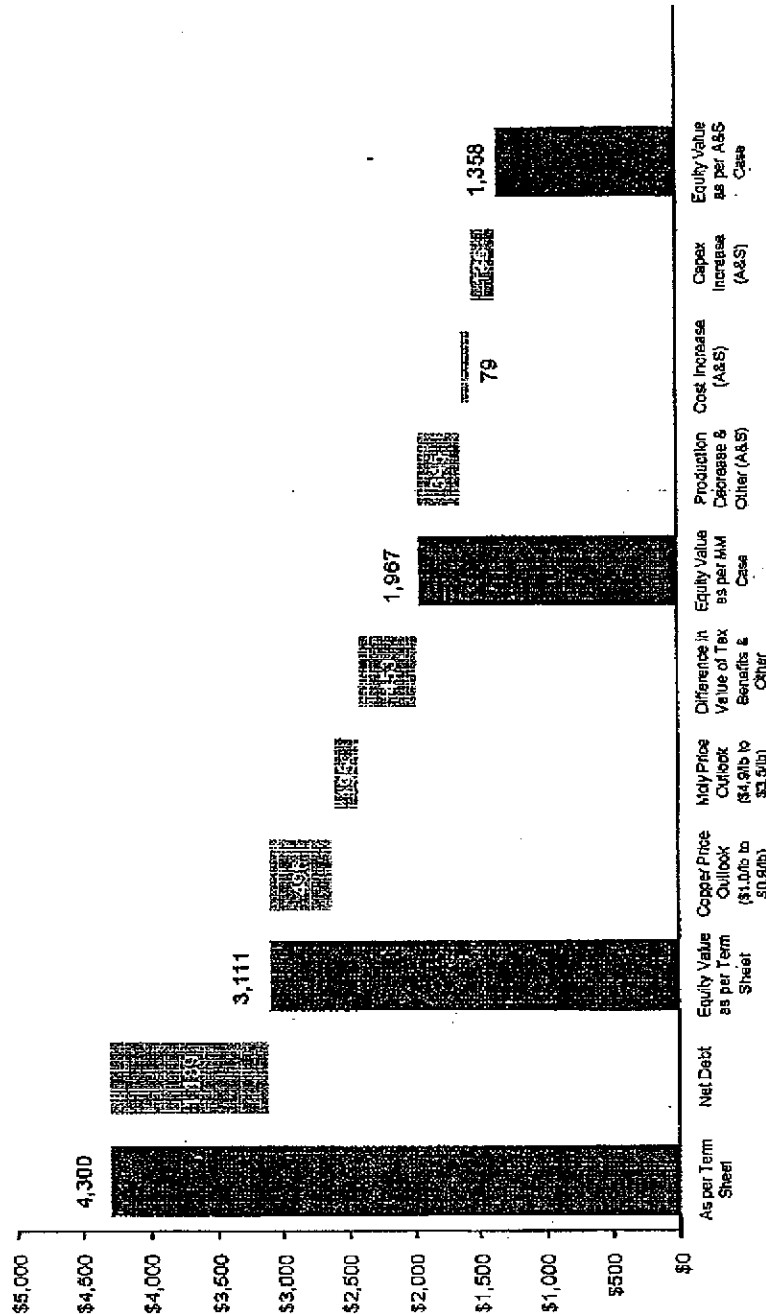
	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
<b>Copper Production (Mtpy)</b>													
MM Case	316.0	320.2	339.0	365.4	350.1	420.3	401.0	433.1	438.7	441.8	483.1	447.5	3.1%
A&S Case	NA	NA	339.0	338.6	327.7	395.9	377.5	406.1	412.4	413.7	450.4	418.9	2.4%
<b>Revenues (US\$ mm)</b>													
MM Case	\$736	\$727	\$1,251	\$1,325	\$1,194	\$1,255	\$1,216	\$1,287	\$1,306	\$1,317	\$1,402	\$1,327	0.7%
A&S Case	NA	NA	\$1,251	\$1,232	\$1,106	\$1,182	\$1,145	\$1,208	\$1,228	\$1,231	\$1,304	\$1,240	(0.1)%
<b>EBITDA (US\$ mm)</b>													
MM Case	\$106	\$184	\$624	\$591	\$556	\$573	\$531	\$591	\$506	\$524	\$702	\$539	0.3%
A&S Case	NA	NA	\$624	\$533	\$511	\$527	\$486	\$541	\$555	\$569	\$535	\$583	(0.8)%
<b>EBITDA Margin (%)</b>													
MM Case	14.3%	25.3%	49.9%	52.1%	46.6%	45.7%	43.7%	45.9%	46.3%	47.4%	50.1%	48.2%	(0.4)%
A&S Case	NA	NA	49.9%	51.4%	46.1%	44.6%	42.5%	44.8%	45.2%	46.2%	48.7%	47.0%	(0.7)%
<b>Capex (US\$mm)</b>													
MM Case	\$50	\$57	\$123	\$281	\$290	\$189	\$249	\$211	\$195	\$174	\$165	\$154	2.5%
A&S Case	NA	NA	\$123	\$337	\$339	\$237	\$305	\$228	\$184	\$169	\$171	\$171	3.7%
<b>Free Cash Flow (US\$mm)</b>													
MM Case	NA	NA	\$187	\$206	\$138	\$217	\$148	\$143	\$260	\$304	\$347	\$354	7.4%
A&S Case	NA	NA	\$212	\$114	\$68	\$142	\$68	\$102	\$244	\$281	\$307	\$305	4.1%

Note: MM and A&S Cases assume copper price forecast of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.02/lb for 2006 and \$0.90/lb thereafter, and molybdenum prices of \$6.35/lb for 2004, \$5.50/lb for 2005, and \$3.50/lb thereafter. EBITDA and capex figures shown on this page assume capitalization of shipping costs. MM Case and A&S Case incorporate figures from 2004 Budget as per Grupo M&T's presentation to investors (using copper price of US\$1.15/lb). Historical information for 2002 and 2003 as per MM management. EBITDA adjusted for workers participation (workers participation is not part of costs of goods sold). Free Cash Flow calculated as EBIT - Taxes + Depreciation and Amortization - Capex - Change in Working Capital.

# Illustrative Reconciliation Between MM Case and A&S Case

## Potential Impact on Value Resulting from Differences in Key Assumptions

(US\$ in millions)



Note: Net present values calculated using the mid-point of the discount rate range of 8.5% (assumes transaction closes on September 30, 2004, using mid-year convention and adjusts for cash flows accordingly). Value of tax benefits & other assumes immediate utilization of tax benefits as per MM's projections and schedules. Changes to production assumptions, costs and capex as per A&S. Copper estimate of \$0.90/lb in the long term (\$1.15/lb for 2004, \$1.13/lb for 2005 and \$1.02/lb for 2006). Molybdenum outlook of \$6.40/lb in 2004, \$5.50/lb in 2005 and \$5.50/lb going forward. Under all scenarios assumes expensing of shipping costs for tax purposes. 2004 figures from Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb). Net present value of annual synergies from \$7 mm annual fee paid to Grupo México of US\$48mm (after-tax). US\$4.30m of Enterprise Value as per Term Sheet includes US\$150mm in sale of non-operating assets (primarily real estate). Equity value as per A&S Case includes net present value of tax benefits in the amount of US\$320mm, US\$48mm in synergies related to the cancellation of US\$7mm annual management fee paid by MM to GM and US\$80mm in sale of non-operating assets.



# MM Discounted Cash Flow Analysis

Copper Price Sensitivity (Assuming Molybdenum Long-Term Price of \$3.5/lb)  
(US\$ in millions)

Discount Rate	Equity Value (Life of Mine) - MM Case					
	Long Term Copper Price (US\$/lb)					
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
9.5 %	\$1,286	\$1,508	\$1,730	\$1,952	\$2,175	
9.0 %	\$1,375	\$1,609	\$1,844	\$2,078	\$2,313	
8.5 %	\$1,472	\$1,720	\$1,967	\$2,215	\$2,463	
8.0 %	\$1,577	\$1,839	\$2,102	\$2,364	\$2,627	
7.5 %	\$1,692	\$1,970	\$2,249	\$2,528	\$2,806	

Discount Rate	Equity Value (Life of Mine) - A&S Case					
	Long Term Copper Price (US\$/lb)					
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
9.5 %	\$763	\$967	\$1,172	\$1,376	\$1,580	
9.0 %	\$831	\$1,046	\$1,261	\$1,476	\$1,691	
8.5 %	\$905	\$1,131	\$1,358	\$1,585	\$1,812	
8.0 %	\$984	\$1,224	\$1,463	\$1,703	\$1,942	
7.5 %	\$1,070	\$1,324	\$1,577	\$1,831	\$2,085	

Note: Discounted Cash Flow uses mid-year convention, assumes transaction closes September 30, 2004 and adjusts for cash flows accordingly. Both cases assume expensing of stripping costs. Equity values include US\$80mm from potential sale of real estate assets, US\$20mm from the value of Tax benefits and US\$40 from after-tax synergies related to the \$7mm annual fee paid to Grupo México. Mexican statutory tax rate used in both cases was 32% income tax (35% for 2004) and 10% workers profit. MM Case takes assumptions as provided by MM management. Both cases use 2004 figures from Budget as per Grupo México presentation to investors as of June 2004 (using copper price of US\$1.15/lb). For A&S Case, modifications to MM financial model were implemented as per A&S guidance. Under both scenarios, sensitivity analysis to copper prices after 2007. Assumes copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.02/lb for 2006. Molybdenum prices of \$6.4/lb for 2004, \$5.5/lb for 2006, and \$3.5/lb thereafter. Net debt of US\$1,189mm as of May 31, 2004 provided by MM management (including minority interest at book value).

# MM Discounted Cash Flow Analysis

Molybdenum Price Sensitivity (Assuming Copper Price of \$0.90 / lb in the long-term)  
(US\$ in millions)

Equity Value (Life of Mine) - MM Case						
Discount Rate	Long Term Molybdenum Price (US\$/lb)					
	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	
9.50 %	\$1,609	\$1,669	\$1,730	\$1,791	\$1,852	
9.00 %	\$1,713	\$1,778	\$1,844	\$1,909	\$1,975	
8.50 %	\$1,826	\$1,897	\$1,967	\$2,038	\$2,109	
8.00 %	\$1,948	\$2,025	\$2,102	\$2,179	\$2,256	
7.50 %	\$2,081	\$2,165	\$2,249	\$2,333	\$2,417	

Equity Value (Life of Mine) - A&S Case					
Discount Rate	Long Term Molybdenum Price (US\$/lb)				
	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
9.50 %	\$1,089	\$1,130	\$1,172	\$1,213	\$1,254
9.00 %	\$1,174	\$1,216	\$1,261	\$1,305	\$1,348
8.50 %	\$1,266	\$1,312	\$1,358	\$1,404	\$1,450
8.00 %	\$1,366	\$1,415	\$1,463	\$1,512	\$1,560
7.50 %	\$1,474	\$1,526	\$1,577	\$1,629	\$1,680

Note: Discounted Cash Flow uses mid-year convention, assumes transaction closes September 30, 2004 and adjusts 1yr cash flows accordingly. Both cases assume expensing of shipping costs. Equity values include US\$50mm from potential sale of real estate assets, US\$320mm from the value of Tax benefits and US\$46 from after-tax synergies related to the 37mm annual fee paid to Grupo México. Mexican statutory tax rate used in both cases was 32% income tax (33% for 2004) and 10% workers profit.

MM Case takes assumptions as provided by MM management. Both cases use 2004 figures from Budget as per Grupo México presentation to investors as of June 2004 (using copper price of US\$1.15/lb). For A&S Case, modifications to MM financial model were implemented as per A&S guidance. Copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.05/lb for 2006 and \$0.90/lb thereafter. Under both scenarios, sensitivity analysis to molybdenum prices after 2007 and assumes molybdenum prices of \$6.40/lb for 2004, \$6.50/lb for 2005, \$6.50/lb for 2006. Net debt of US\$1,189mm as of May 31, 2004 provided by MM management (including minority interest at book value).



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# MM Discounted Cash Flow Analysis

Ore Milled and SW-EX Production Sensitivity

(US\$ in millions)

Equity Value (Life of Mine) - MM Case @ \$0.90/lb Long Term	
Ore Milled and SX-EW Production (Annual % Increment)	
	(10.0%) (5.0%) 0.0% 5.0% 10.0%
Discount Rate	
9.5 %	\$1,508 \$1,619 \$1,730 \$1,830 \$1,930
9.0 %	\$1,612 \$1,728 \$1,844 \$1,948 \$2,053
8.5 %	\$1,725 \$1,846 \$1,967 \$2,077 \$2,186
8.0 %	\$1,849 \$1,975 \$2,102 \$2,217 \$2,332
7.5 %	\$1,983 \$2,116 \$2,249 \$2,370 \$2,491

Notes: Discounted Cash Flow uses mid-year convention, assumes transaction closes September 30, 2004 and adjusts 1yr cash flows accordingly. Assumes expensing of stripping costs. Equity values include US\$80mm from potential sale of real estate assets, US\$320mm from the value of Tax benefits and US\$48 from after-tax synergies related to the 37mm annual fee paid to Grupo Mexico. Mexican statutory tax rate used was 32% income tax (33% for 2004) and 10% workers profit. Uses 2004 figures from Budget as per Grupo Mexico presentation to investors as of June 2004 (using copper price of US\$1.15/lb). Sensitivity analysis assumes MM Case and price scenario copper prices of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.02/lb for 2006 and \$0.90/lb in the long term. Molybdenum prices of \$6.4/lb for 2004, \$6.5/lb for 2005, and \$3.5/lb thereafter. Sensitivity analysis refers to annual increment changes to key assumptions. Net debt of US\$1,185mm as of May 31 2004 provided by MM management (including minority interest at book value).

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# **Illustrative Look-Through Analysis of GM** **Summary Valuation Parameters Based on Public Market Metrics** **(US\$ in millions)**

	Implied Value for MM		
	Residual Value After Other Subsidiaries	Assuming No Value for Asarco and for GFM	Assuming Premium to GM Market Value Based on Potential Upside of 25% from Average Research Estimates of Target Price vs. Current Share Price (\$)
Grupo Mexico Market Cap (1)	\$2,688	\$2,688	\$3,457
(-) GFM Stake			
2004E EBITDA (3)	\$216		
2004E EBITDA Multiple (4)	7.0x		
Net Debt (2)	\$376		
GM Stake	74.0%	(\$841)	(\$841)
(-) Asarco Stake			
2004E EBITDA (3)	\$140		
2004E EBITDA Multiple (4)	4.0x		
Net Debt (2)	\$391		
GM Stake	100.0%	(\$169)	(\$169)
(-) SPCC Stake			
Market Cap (1)	\$3,276		
GM Stake	54.2%	(\$1,775)	(\$1,775)
(a) Residual MM Equity Value	N.M.	\$912	\$682
2004E EBITDA (3)	\$576		
Net Debt (2)	\$1,189		
Implied MM Enterprise Value	N.M.	\$2,101	\$1,871
Implied MM 2004E EBITDA Multiple	N.M.	3.6x	3.2x

<sup>1</sup> As of July 2, 2004

<sup>2</sup> As of May 31, 2004 as supplied by management (includes minority interest at book value).

<sup>3</sup> 2004E EBITDA projections as per Grupo Mexico presentation to investors dated June 2004. MM 2004 EBITDA adjusted for workers participation. GFM refers to Grupo Ferrocarril Mexicano.

<sup>4</sup> As per industry comparables and Wall Street Research.

<sup>5</sup> See Appendix A.



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## **VI. Discussion on SPCC Projections**

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# Discussion of SPCC Projections

## Key Observations

Topic	Considerations
Consolidation	<ul style="list-style-type: none"> <li>■ Analyses of three main operating units (Cuaajone, Toquepala and Ilo) as one single operating company</li> </ul>
SPCC Projections ("SPCC Case")	<ul style="list-style-type: none"> <li>■ Projections based on SPCC's financial model as supplied by SPCC management in US\$ real terms</li> <li>■ Five year historical financial information provided on the same basis as the financial model</li> <li>■ Analyses based on life of mine</li> </ul>
Methodology	<ul style="list-style-type: none"> <li>■ Assumes transaction closes on September 30, 2004 and adjusts 1<sup>st</sup> year cash flows accordingly. Mid-year convention used</li> <li>■ Net debt / (cash) of US\$(13.4) mm as of May 31, 2004, including minority interest at book value, as provided by SPCC management</li> <li>■ SPCC's projections assume a copper price of US\$1/lb and a molybdenum price of 4.9/lb through the life of mine. Sensitivity analyses were performed to copper prices, molybdenum prices, production, ore grades and weighted average cost of capital, similar to the sensitivity analyses performed with respect to the MM model</li> <li>■ Assumes statutory tax rate of 35%, workers labor share participation of 0.7% and workers participation of 8%</li> <li>■ Sensitivities also applied to SPCC analyses to reflect the potential impact of the proposed mining royalty tax on SPCC               <ul style="list-style-type: none"> <li>— Assumed to be 2% of revenues, as per SPCC management guidance</li> </ul> </li> </ul>
A&S' Changes to SPCC Assumptions ("A&S Case")	<ul style="list-style-type: none"> <li>■ A&amp;S Case reflects changes to SPCC Case based on differing capex assumptions               <ul style="list-style-type: none"> <li>— Capex increase for Ilo smelter modernization program due to potential contingencies, changing the total amount from approximately \$320mm to \$385mm. Additional changes to maintenance and replacement capex</li> <li>— Overall projected negative impact to the valuation analyses of A&amp;S's suggested capex changes of approximately \$70 mm assuming the mid-point of the real discount rate sensitivity range of 9%</li> </ul> </li> <li>■ Sensitivity analyses were also performed with respect to both the SPCC and A&amp;S cases based on various copper and molybdenum long-term prices</li> </ul>

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# Summary Key Operating and Financial Metrics

## Comparison of SPCC vs. A&S Scenarios Adjusted for Copper and Molybdenum Price Outlook

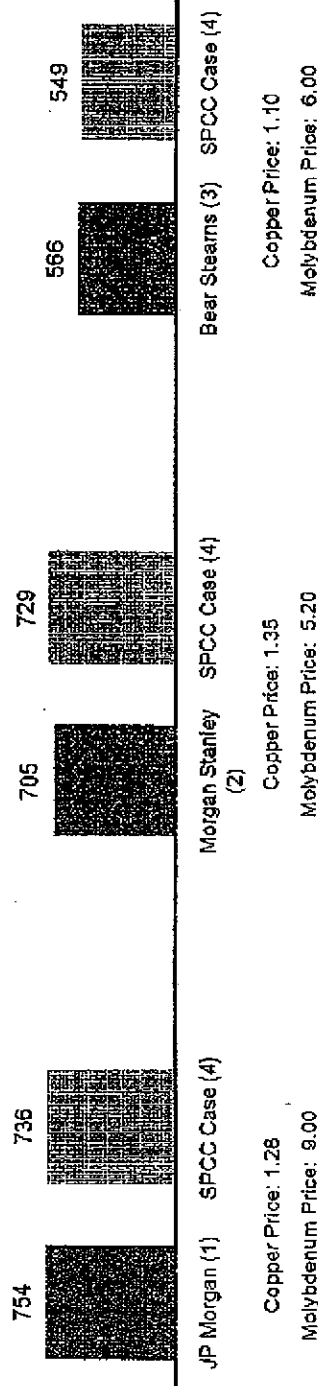
	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
<b>Copper Sales (Mtpy)</b>													
SPCC Case	332.1	358.8	384.0	352.1	347.3	355.1	379.6	359.1	347.3	317.3	322.6	341.1	(1.3)%
A&S Case	NA	NA	384.0	352.1	347.3	355.1	379.6	359.1	347.3	317.3	322.6	341.1	(1.3)%
<b>Revenues (US\$ mm)</b>													
SPCC Case	\$655	\$798	\$1,126	\$1,032	\$968	\$807	\$841	\$818	\$831	\$822	\$828	\$836	(3.3)%
A&S Case	NA	NA	\$1,126	\$1,032	\$968	\$807	\$841	\$818	\$831	\$822	\$828	\$836	(3.3)%
<b>EBITDA (US\$ mm)</b>													
SPCC Case	\$195	\$308	\$633	\$591	\$436	\$382	\$416	\$388	\$369	\$329	\$344	\$373	(5.7)%
A&S Case	NA	NA	\$633	\$591	\$436	\$382	\$416	\$388	\$369	\$329	\$344	\$373	(5.7)%
<b>EBITDA Margin (%)</b>													
SPCC Case	29.4%	38.6%	56.2%	57.3%	50.2%	47.3%	49.5%	47.5%	44.4%	40.0%	41.6%	44.6%	(2.5)%
A&S Case	NA	NA	56.2%	57.3%	50.2%	47.3%	49.5%	47.5%	44.4%	40.0%	41.6%	44.6%	(2.5)%
<b>Capex (US\$mm)</b>													
SPCC Case	\$124	\$87	\$210	\$290	\$219	\$73	\$72	\$160	\$149	\$84	\$88	\$100	(7.9)%
A&S Case	NA	NA	\$210	\$318	\$240	\$75	\$72	\$160	\$149	\$84	\$88	\$100	(7.9)%
<b>Free Cash Flow (US\$mm)</b>													
SPCC Case	NA	NA	\$329	\$57	\$78	\$226	\$244	\$108	\$122	\$163	\$189	\$182	(6.3)%
A&S Case	NA	NA	\$329	\$29	\$56	\$224	\$245	\$109	\$123	\$164	\$190	\$183	(6.3)%

Note: Both SPCC and A&S Cases assume copper price of \$1.15/lb for 2004, \$1.13/lb for 2005, \$1.02/lb thereafter, and molybdenum prices of \$6.38/lb for 2004, \$5.50/lb for 2005, and \$3.50/lb thereafter. Both cases assume capitalization of stripping costs, reversion of workers participation to EBITDA and incorporate figures from 2004 Budget as per Group Mexico presentation to Investors of June 2004 (using copper price of US\$1.15/lb). Historical information for 2002 and 2003 as per SPCC management. A&S Case incorporates capex changes as per A&S guidance. Free Cash Flow calculated as EBIT - Taxes + Depreciation and Amortization - Capex - Change in Working Capital.

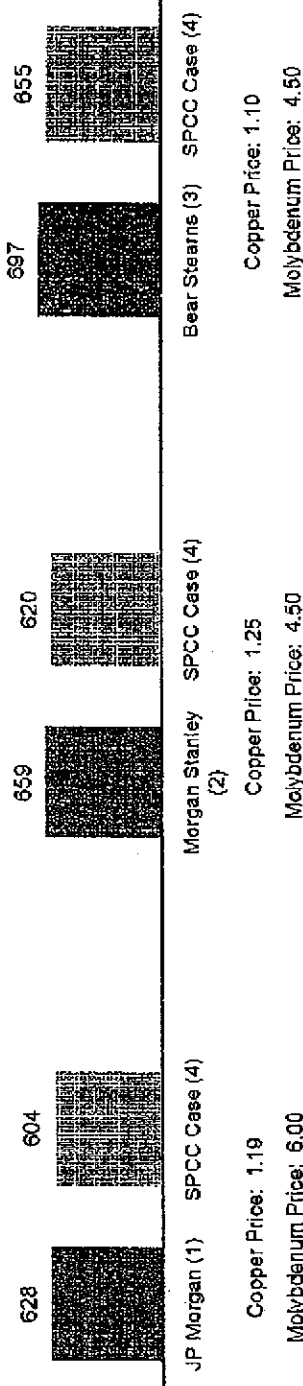
# **Illustrative Analysis: SPCC Projections vs. Wall Street** **Implied SPCC EBITDA Assuming Wall Street Research Copper and Molybdenum Price** **Assumptions**

(US\$ in million)

## **2004 EBITDA**



## **2005 EBITDA**



<sup>1</sup> JP Morgan report as of June 11, 2004. Copper price as of June 11, 2004. Molybdenum price as per report on June 1, 2004.  
<sup>2</sup> Morgan Stanley report as of March 10, 2004. Copper price as of March 10, 2004. Molybdenum price as per report on April 26, 2004.  
<sup>3</sup> Bear Stearns report as of March 9, 2004. Copper price as of March 9, 2004. Molybdenum price as per report on January 30, 2004.  
<sup>4</sup> SPCC case adjusted to reflect copper and molybdenum price for 2004 and 2005 as per each broker's forecast.





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## **VII. Financial Analyses**



# Overview of Combined MM and SPCC

Historical and Projected Pro forma

(US\$ in millions)

	SPCC	MM	Pro forma
<b>Sales</b>			
2003 <sup>1</sup>	798	782	1,580
LTM <sup>2</sup>	897	903	1,860
2004 <sup>3</sup>	1,126	1,251	2,377
2005 <sup>3</sup>	1,032	1,325	2,357
<b>EBITDA</b>			
2003 <sup>1</sup>	290	191	481
LTM <sup>2</sup>	396	326	722
2004 <sup>3</sup>	585	576	1,161
2005 <sup>3</sup>	552	582	1,144
<b>Credit Ratios - March 31, 2004</b>			
Net Debt <sup>4</sup>	(13)	1,189	1,176
Net Debt / LTM EBITDA	NM	3.6x	1.6x
Net Debt / 2004 EBITDA	NM	2.1x	1.0x

<sup>1</sup> Historical figures as per audited results disclosed by SPCC and MM.

<sup>2</sup> As of 1Q 2004.

<sup>3</sup> As per 2004 budget provided in Grupo Mexico presentation to investors in June 2004. 2005 figures based on A&S Case for SPCC and A&S Case for MM as per projections supplied by SPCC and MM management, respectively. EBITDA adjusted for workers participation.

<sup>4</sup> As of May 31, 2004 as provided by SPCC and MM management respectively.

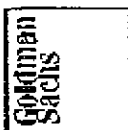
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# Relative Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM  
Excluding Impact of Royalties and Including Tax Benefits for MM (Shares in Million)

		Indicative Number of SPCC Shares to be Issued - A&S (SPCC) and A&S (MM)						Pro Forma GN Ownership In SPCC - A&S (SPCC) and A&S (MM)					
		Long Term Copper Price - US\$/lb (Molydenum at \$3.5/lb)						Long Term Copper Price - US\$/lb (Molydenum at \$3.5/lb)					
Discount Rate		\$0.80	\$0.85	\$0.90	\$0.95	\$1.00		\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
		10.0 %	46.0	51.4	55.6	58.1	61.9	10.0 %	70.9%	72.1%	73.0%	73.6%	74.2%
		9.5 %	47.9	53.1	57.2	60.5	63.3	9.5 %	71.3%	72.5%	73.3%	73.9%	74.4%
		9.0 %	49.7	54.8	58.8	62.0	64.6	9.0 %	71.7%	72.8%	73.6%	74.2%	74.7%
		8.5 %	51.5	56.4	60.3	63.4	66.0	8.5 %	72.1%	73.1%	73.9%	74.4%	74.9%
Discount Rate		8.0 %	53.3	58.1	61.8	64.8	67.3	8.0 %	72.5%	73.4%	74.1%	74.7%	75.1%
		Indicative Number of SPCC Shares to be Issued - A&S (SPCC) and A&S (MM)						Pro Forma GN Ownership In SPCC - A&S (SPCC) and A&S (MM)					
		Long Term Moly Price - US\$/lb (Copper at \$0.9/lb)						Long Term Moly Price - US\$/lb (Copper at \$0.9/lb)					
		\$2.80	\$3.00	\$3.50	\$4.00	\$4.50		\$2.80	\$3.00	\$3.50	\$4.00	\$4.50	
		10.0 %	54.9	55.3	55.6	56.0	56.3	10.0 %	72.8%	72.9%	73.0%	73.0%	73.1%
Discount Rate		9.5 %	56.6	56.9	57.2	57.5	57.8	9.5 %	73.2%	73.2%	73.3%	73.3%	73.4%
		9.0 %	58.2	58.5	58.8	59.0	59.3	9.0 %	73.5%	73.5%	73.6%	73.6%	73.7%
		8.5 %	59.8	60.1	60.3	60.5	60.7	8.5 %	73.8%	73.8%	73.9%	73.9%	74.0%
		8.0 %	61.4	61.6	61.8	62.0	62.2	8.0 %	74.1%	74.1%	74.1%	74.2%	74.2%

Note: Assumes transaction closes on September 30, 2004. DCF uses mid-year convention and adjusts 1st year cash flows accordingly. Both cases incorporate figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.75/lb). SPCC net cash of US\$13.4mm as of May 31, 2004 supplied by management (includes minority interest at book value) and net debt of US\$1,169 mm for MM as provided by MM management (May 31, 2004, includes minority interest at book value). Assumes current Grupo México ownership in MM of 98.84% and in SPCC of 94.2%.



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## Relative Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM Including Impact of Royalties and Including Tax Benefits for MM (Shares in Million)

		Indicative Number of SPCC Shares to be Issued - A&S (SPCC) and A&S (MM)					
		Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)					
Discount Rate		\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
		10.0 %	49.7	55.2	59.4	62.5	65.6
		9.5 %	51.7	57.0	61.1	64.4	67.1
		9.0 %	53.7	58.8	62.8	65.9	68.5
		8.5 %	55.7	60.6	64.4	67.4	69.9
		8.0 %	57.6	62.3	66.0	68.9	71.3

		Indicative Number of SPCC Shares to be Issued - A&S (SPCC) and A&S (MM)					
		Long Term Moly Price - US\$/lb (Copper at \$0.9/lb)					
Discount Rate		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	
		10.0 %	58.8	59.1	59.4	59.7	60.0
		9.5 %	60.6	60.9	61.1	61.4	61.6
		9.0 %	62.3	62.6	62.8	63.0	63.2
		8.5 %	64.1	64.2	64.4	64.5	64.7
		8.0 %	65.7	65.9	66.0	66.1	66.2

		Pro Forma GM Ownership in SPCC - A&S (SPCC) and A&S (MM)					
		Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)					
Discount Rate		\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	
		10.0 %	71.7%	72.9%	73.7%	74.3%	74.8%
		9.5 %	72.2%	73.2%	74.0%	74.5%	75.1%
		9.0 %	72.8%	73.8%	74.3%	74.9%	75.3%
		8.5 %	73.0%	73.9%	74.6%	75.1%	75.6%
		8.0 %	73.4%	74.2%	74.9%	75.4%	75.8%

		Pro Forma GM Ownership in SPCC - A&S (SPCC) and A&S (MM)					
		Long Term Moly Price - US\$/lb (Copper at \$0.9/lb)					
Discount Rate		\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	
		10.0 %	73.6%	73.7%	73.7%	73.8%	73.8%
		9.5 %	73.9%	74.0%	74.0%	74.1%	74.1%
		9.0 %	74.2%	74.3%	74.3%	74.4%	74.4%
		8.5 %	74.6%	74.6%	74.6%	74.7%	74.7%
		8.0 %	74.8%	74.9%	74.9%	74.9%	74.9%

Note: Assumes transaction closes on September 30, 2004. DCF uses mid-year convention and adjusts 1st year cash flows accordingly. Both cases incorporate figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.45/lb). SPCC net cash of US\$13.4mm as of May 31, 2004 supplied by management (includes minority interest at book value) and net debt of US\$1.169 mm for MM as provided by MM management (May 31, 2004, includes minority interest at book value). Assumes current Grupo México ownership in MM of 98.64% and in SPCC of 54.2%.

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# Relative Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM Including Impact of Royalties and Excluding Tax Benefits for MM (Shares in Million)

Indicative Number of SPCC Shares to be Issued - A&S (SPCC) and A&S (MM)	
Discount Rate	Long Term Copper Price - US\$/lb (May/September at \$3.5/lb)
10.0 %	\$0.80 \$0.85 \$0.90 \$0.95 \$1.00
9.5 %	28.6 36.9 43.2 48.2 52.3
9.0 %	31.8 39.6 45.6 50.4 54.4
8.5 %	34.7 42.2 48.0 52.6 56.4
8.0 %	37.6 44.7 50.3 54.8 58.4
	40.4 47.2 52.5 56.9 60.4

Pro Forma GM Ownership in SPCC - A&S (SPCC) and A&S (MM)	
Discount Rate	Long Term Copper Price - US\$/lb (May/September at \$3.5/lb)
10.0 %	\$0.80 \$0.85 \$0.90 \$0.95 \$1.00
9.5 %	68.3% 68.8% 69.3% 69.8% 70.2%
9.0 %	67.2% 67.7% 68.2% 68.7% 69.2%
8.5 %	66.1% 66.6% 67.1% 67.6% 68.1%
8.0 %	65.0% 65.5% 66.0% 66.5% 67.0%

Indicative Number of SPCC Shares to be Issued - A&S (SPCC) and A&S (MM)	
Discount Rate	Long Term Moly Price - US\$/lb (Copper at \$0.9/lb)
10.0 %	\$2.50 \$3.00 \$3.50 \$4.00 \$4.50
9.5 %	41.5 42.4 43.2 44.0 44.7
9.0 %	44.1 44.9 45.6 46.3 47.0
8.5 %	46.6 47.3 48.0 48.6 49.2
8.0 %	49.0 49.7 50.3 50.9 51.4
	51.5 52.0 52.6 53.1 53.6

Pro Forma GM Ownership in SPCC - A&S (SPCC) and A&S (MM)	
Discount Rate	Long Term Moly Price - US\$/lb (Copper at \$0.9/lb)
10.0 %	\$2.50 \$3.00 \$3.50 \$4.00 \$4.50
9.5 %	69.5% 70.1% 70.7% 71.3% 71.9%
9.0 %	68.5% 69.1% 69.7% 70.3% 70.9%
8.5 %	67.5% 68.1% 68.7% 69.3% 69.9%
8.0 %	66.5% 67.1% 67.7% 68.3% 68.9%

Note: Assumes transaction closes on September 30, 2004. DCF uses mid-year conversion and adjusts 1st year cash flows accordingly. Both cases incorporate figures from 2004 Budget as per Grupo México presentation to investors (using copper price of US\$1.15/lb). SPCC net cash of US\$13.4mm as of May 31, 2004 supplied by management (includes minority interest at book value) and net debt of US\$1.189 mm for MM as provided by MM management (May 31, 2004, includes minority interest at book value). Assumes current Grupo México ownership in MM of 88.84% and in SPCC of 54.2%.

**Indicative Numbers of SPCC Shares to be Issued at Different EBITDA Multiples and Accretion / Dilution to SPCC Minority Shareholders**

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2004 Budget figures as per Grupo México Investor presentation as of June 2004. Adjusted for workers participation. Net debt as of May 31, 2004, including minority interest at book value, provided by management. Enterprise value of US\$4.3bn as per Term Sheet. Net debt as of May 31 2004, including minority interest at book value, provided by management. Pro-forma Market capitalization adjusted by 98.44% participation of GM in MM. SPCC implied market cap based on each 2004E EBITDA multiple level (value for minorities at SPCC adjusted accordingly). Copper reserves and production have been adjusted to exclude IMMISA. Copper production has been reduced by 5.0% as per historical information. When calculating multiples, Enterprise value has been adjusted by IMMISA indicative value of US\$600mm as per A&S Case. Assumes no debt assigned to IMMISA. As indicated by GM as part of the proposal.



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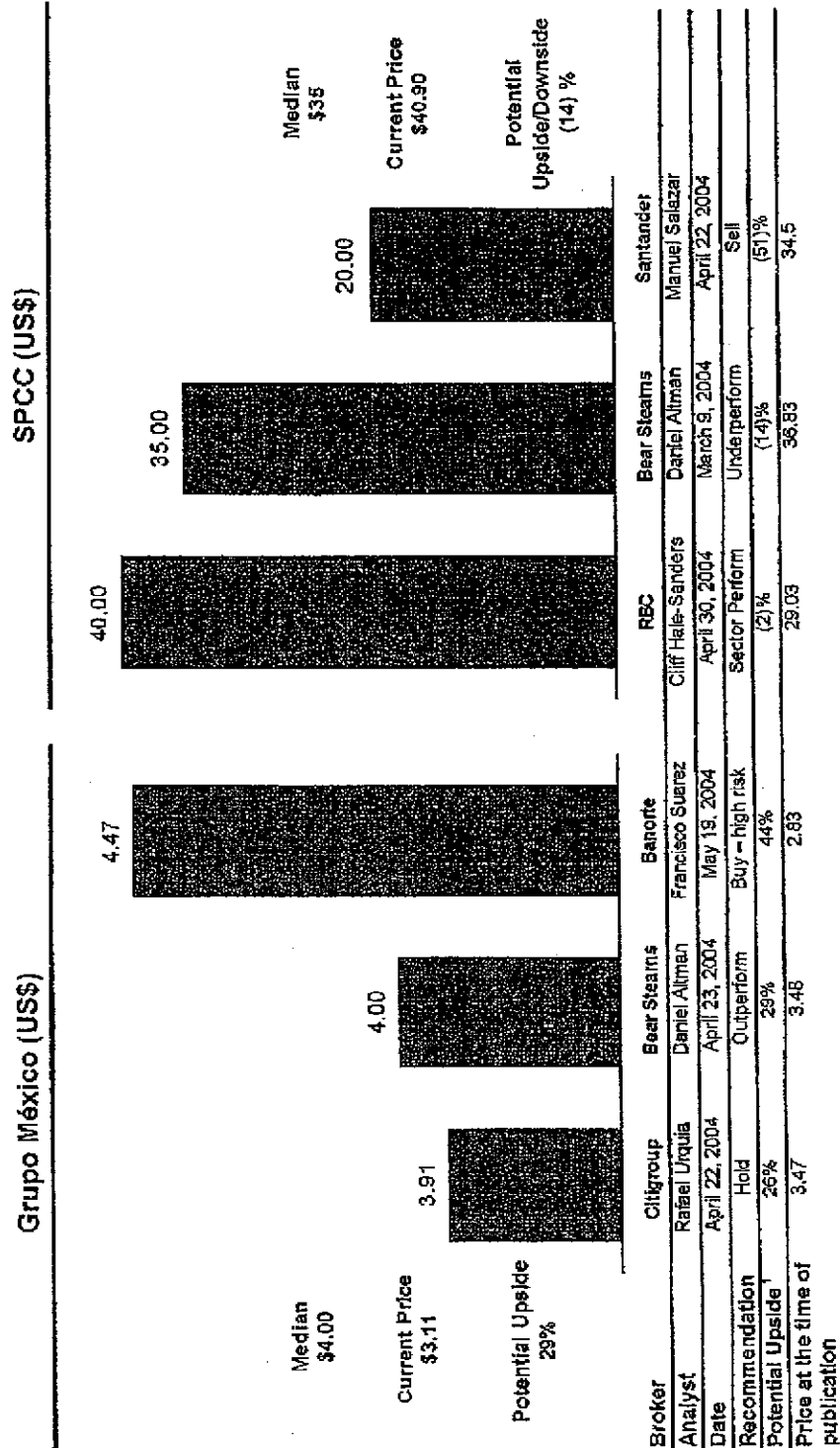
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## **Appendix A: Research Analysts' Views**

# Research Analysts' Views

Grupo México and SPCC – Target Prices (as of June 2004)



\* % Target Price over current stock price of US\$3.11 for Grupo México and US\$40.9 for SPCC as of July 2, 2004.



# Recently in Equity Research

SPCC

Source	Date	Comment
Royal Bank of Canada <i>Perform</i>	April 30, 2004	Q1 Results Demonstrate Earnings Potential: The company reported Q1 EPS of \$1.08, which we believe demonstrates its impressive earnings potential in the current copper price environment due to the low cost nature of its operations. At current copper prices, we expect Southern Peru to post impressive earnings and cash flows in the coming year. Going forward, we anticipate that SPCC should continue to benefit from the robust copper price environment and generate significant profits due to the low cost nature of its operations and recently expanded production capacity. In addition, we believe the potential exists that the proposed merging of Southern Peru's parent company's, Grupo México copper assets into an enlarged SPCC could increase market interest in the shares in the future.
Santander <i>Self</i>	April 22, 2004	As for the possible acquisition of Minera México by Southern Peru, there is still no word as to what the decision of the independent board reviewing this transaction may be. We believe that the attractiveness of this potential transaction will depend on the price Southern Peru will have to pay for Minera México (which is, as of yet, undisclosed). We have a Sell rating on the stock with a target price of US\$20.00 per share. Our recommendation is based on a DCF model with a 10-year cash flow and a terminal valuation of reserves. Risks to our investment thesis include: (1) drastic changes in copper prices; and (2) unexpected variations in ore grades.
JP Morgan <i>Underweight</i>	April 22, 2004	SPCC reported yet again another set of great numbers owing primarily to the upswing in commodity prices evidenced during the quarter. While SPCC's earnings outlook continues to be solid benefiting from the upswing in commodity prices, we maintain our Underweight rating on the stock as we believe that a lot of the upside potential is already priced; furthermore, lingering concerns remain regarding the potential restructuring involving Grupo México's subsidiaries.
Morgan Stanley <i>Underweight</i>	April 21, 2004	Copper sales volumes fell 31% sequentially to 155 million pounds, as the company built inventories to transition from selling cathodes to semi-manufactured. However, copper mine production remained high at 209 million pounds, up 9% YoY thanks to higher ore grades, indicating that sales will return to their normal level of 200+ million in 2Q. Uncertainty over the proposed merger with Minera México is of concern as while there is potential to obtain financial and operational synergies, there is also the potential for conflict of interest as the parent company owns both parties in this transaction. A committee of independent Southern Peru board members is analyzing the transaction and should not be out with a final decision for at least another few months. The success of the deal will likely be price sensitive, but given the level of uncertainty and what we see as relatively fair valuations, we are maintaining our Underweight stock rating.

# Recently in Equity Research

## SPCC

Source	Date	Comment
Goldman Sachs <i>Restricted</i>	April 21, 2004	<p>1) <b>WEAKER 1Q04 RESULTS.</b> SPCC reported operating EPS of \$1.08, below consensus at \$1.10 and our \$1.21 est. due to weaker than expected copper sales volumes as the company accumulated inventories in order to start producing copper wire rod in 2Q04. EBITDA at \$156 million was also below our \$188 million estimate. 2) <b>MODEST DECLINE IN EPS FORECAST</b> to \$4.48 from \$4.60 in 2004 due to the weaker 1Q04 results. 3) <b>NEW ROD PRODUCTION SHOULD RAISE MARGINS.</b> We expect SPCC's copper sales margins to increase by 2-7 cents/lb already in 2Q04 through the production of 21,000 tonnes of copper wire rod per quarter at Asarco's facilities in the US. 4) <b>VALUATION.</b> We estimate that SPCC is trading at 3.9X EV/EBITDA and 6.2X P/CF based on our 2005 estimates this compares with our copper universe average of 4.3X EV/EBITDA and P/CF of 5.7X</p> <p>1Q04 RESULTS: <b>POSITIVE SURPRISES:</b> 1) Lower than expected cash costs at 38.9 cent per pound of copper, 2) lower administrative and exploration expenses. <b>NEGATIVE SURPRISES:</b> 1) weaker than expected copper sales volumes due to the accumulation of inventories as the company plans to start producing copper wire rod in 2Q04, 2) Copper mine production 3% below our forecast; 3) continued decline in SX/EW production due to lower grades of pregnant leaching solution, and 4) Molybdenum production declined 10% QoQ.</p> <p><b>PROPOSED NEW MINING ROYALTIES CAN HURT PROJECT RETURNS.</b> Peru's congress is currently considering the imposition of a 3% NSR royalty on mining companies to help finance regions and the newly created regional governments. The next voting on the mining royalties should happen over the next 15 to 30 days. Despite intense lobbying by the mining industry against it, we consider the risks are high.</p> <p><b>WHAT TO WATCH FOR:</b> 1) Higher margins of copper sales by 2-7 cents/lb (according to our estimates) as SPCC starts producing 7,000 tonnes of copper wire rod per month; 2) Progress on the implementation of SPCC's smelter modernization program, 3) further cost reductions as the company expects cash costs to average 37.7 cents/lb in 2004, 4) potential changes in SPCC's dividend policy, 5) privatization of Las Bambas where SPCC has shown interest.</p> <p><b>IMPLICATIONS FOR THE INDUSTRY:</b> 1) The decline in molybdenum production in 1Q04 (10% QoQ) is positive for supply/demand fundamentals for this metal. The company also expects 2004/2005 molybdenum production to be below 2003 levels of 19.9 million pounds.; 2) The risk of new NSR mining royalties in Peru could affect key metal markets such as zinc, lead, copper, gold and silver as well as the NAV of companies with mining operations in Peru, 3) SPCC expects to increase copper production by 3% in 2004 which should add more supply to the currently tight copper market.</p>

# Recently in Equity Research

## Grupo México

Source	Date	Comment
Bear Stearns Outperform	April 23, 2004	<p>We view very positively the strong operating results, especially margins, and note that high copper prices and profitability bode well for upcoming quarters. We continue to view Grupo México as a good, albeit speculative, vehicle with which to invest in the sector.</p> <p>Minera México was the standout. EBITDA for Minera México was US\$167 mn (41% of total EBITDA) as copper volumes of 89 kmt were 8% above our estimate and margins were ahead. Meanwhile, EBITDA at Southern Peru (39% of total) were up nearly threefold y/y, to US\$156 mn (+50% q/q), but were 2% below our estimate due to the lower revenues/volumes.</p> <p>We may have some upside to our estimates/target given the stronger-than-expected 1Q results and the likely accretive proposed asset/share swap with Southern Peru.</p>
Citigroup Hold	April 22, 2004	<p>The company's good results were supported first and foremost by better copper prices and secondly by higher metal sales volumes.</p> <p>We found operating performance for the quarter to be very good. Copper production increased 20%. Most of the increase came from the Mexican operations (Minera México), which increased production 54%. The revamping undertaken during 2003 following the debt restructuring, helped double the amount of concentrates processed at the Cananea mine compared to 1Q03. In Peru, production increased by 9% while Asarco's production decreased 3% owing to waste removal.</p> <p>The company did not disclose any details about the proposed transaction to exchange shares of Minera México for SPCC shares, only stating that a special committee of impartial directors is currently analyzing the proposal.</p> <p>Although the copper market's fundamentals seem to justify high prices at present, we believe that the rally in the price of copper is coming to an end.</p> <p>Another source of cost pressure could be an increase in the price of energy, which is a very important part of México's cost structure (...). Due to underinvestment in the sector, energy supply is irregular and in the past this has translated into high prices and has caused the CFE's main users to halt operations during peak hours.</p> <p>Potential contingencies related to environmental pollution. (...) As a further example of the threat from this direction, the trend in Latin America is now towards the equalization of environmental laws with more strict US' laws.</p>

## Recently in Equity Research

### Grupo México

Source	Date	Comment
JP Morgan Overweight	April 22, 2004	<p>Asarco, GMM, and SPCC highlighted significant improvements in operating results, owing primarily to the upswing in commodity prices evidenced during the quarter. (...) At GMM copper volume sales were up 1% sequentially and 66% versus the year-ago quarter, a remarkable improvement in our view.</p> <p>In line with the company's initiative to improve its balance sheet position, we expect GMEX to continue lowering its net debt level further throughout the year as its cash flow generation improves with the current copper pricing environment.</p> <p>(...) earnings disappointment due to operating difficulties at some of its subsidiaries and/or a shortfall in our copper price forecasts would likely hamper share price performance and cap the company's ability to improve its balance sheet. (...) Finally, while we welcome recent GMEX initiatives to get closer to the market, we believe that it might take some time for the company to establish a new track record.</p>
Morgan Stanley Equal Weight	April 22, 2004	<p>Solid earnings well in line with expectations - Grupo México posted consolidated 1Q04 EBITDA of \$403 million 2% above our \$398 million estimate on a sharp increase in metals prices. EPS was \$0.19 vs. our \$0.16 estimate. There were few surprises in this quarter's results and we continue to expect a moderate improvement in earnings going forward as prices remain high and volumes rise. We are maintaining our Equal-weight rating.</p> <p>Copper division saw the largest gain, other metals also rose - Copper shipments reached 204,000 MT, up 20% YoY, thanks mainly to investments made at rehabilitating the operating equipment and productive plant at Minera México plus higher grade and ore recovery at Cananea.</p>
Banorte Buy - High Risk	May 19, 2004	<p>China, quien consume poco más del 20% del cobre del mundo, anunció que no elevará sus tasas. Pero la especulación sobre las tasas y su moneda (el yuan) prevalece.</p> <p>La valuación de GMEXICO es atractiva. - De acuerdo a la base de datos que extrae las estimaciones de los analistas, GMEXICO presenta descuentos importantes en su valuación. No existe, con la información pública disponible, alguna justificación de dicho descuento. Nuestro escenario base (precios del cobre US\$ 1.21 en promedio para 2004), implica un precio objetivo de casi P6 52.00. La brecha en la ablucción es, en nuestra opinión, insostenible. Es muy factible que prevalezca la volatilidad en el corto plazo, pero la fusión entre Minera México y SPCC, o de seguir la tendencia a la baja en inventarios del cobre, podría eliminar el nexo con los precios de los contratos del cobre.</p>
Equity Value de Minera - US\$1,930mm		

# Recently in Equity Research

## Grupo México

Source	Date	Comment
Goldman Sachs Restricted	April 21, 2004	<p><b>LOWER PRODUCTION OFFSET BY LOWER COSTS.</b> Grupo México (NR) reported EPS of US\$0.25 vs. our estimate of US\$ 0.24. The results confirm progress on cost reductions at Minera México, earnings leverage to copper cycle, and improving balance sheet prospects. <b>KEY SURPRISES:</b> 1) Lower cash cost at MM at US\$0.37/lb; 2) Higher cost at Asarco at US\$1.00/lb; 3) Weaker than expected copper production at all mining subsidiaries due to temporary factors. <b>HEALTHY FREE CASH FLOWS LEAD TO BALANCE SHEET IMPROVEMENTS.</b> Free cash flow at US\$208mm for the 1Q04 (an improvement of 5% QoQ and 321% YoY) is giving the company more financial flexibility. Net debt decreased by US\$66mm and the company is planning on paying down an additional US\$100mm in debt in April 2004. 4) <b>VALUATION.</b> We estimate that GMX is trading at 3.1X EV/EBITDA and 2.8X P/CF based on our 2005 estimates, which compare with our copper universe average of 4.3X EV/EBITDA and P/CF of 5.7X.</p> <p><b>1Q04 RESULTS:</b> Grupo México reported slightly weaker consolidated EBITDA at US\$403 million vs. our \$410 million estimate due to lower-than-expected copper sales volumes (204,000 tonnes vs. our 230,200 tonnes forecast) caused by accumulation of inventories at SPCC and higher pre-stripping rates at Asarco. The company reported EPS of \$0.25/share in 1Q04, slightly above our \$0.24/share estimate due to lower than expected taxes.</p> <p><b>POSITIVE SURPRISES:</b> 1) Lower cost due to better operational results at Minera México; 2) better than expected ore grades and recovery at Cananea copper mine; 3) US\$100mm debt pre-payment scheduled for April 2004 as a result of higher free cash flows; and 4) Zinc production 3% higher than our estimate. <b>NEGATIVE SURPRISES:</b> 1) Higher cash cost at Asarco on QoQ basis and YoY at US\$0.99/lb; 2) Lower ore grades at Caridad copper mine in Mexico; and 3) Lower than expected volumes transported at Ferrómex.</p> <p><b>MINERA MÉXICO - POSITIVE COST SURPRISE</b> (100% owned Mexican mining subsidiary). MM's cash costs improved to US\$0.37/lb in the 1Q04 from the \$0.49/lb average of 2003. The company reported 1Q04 EBITDA of US\$166 million, stronger than our \$156 million estimate due to higher ore grades and recovery at the Cananea mine, which was partly offset by lower ore grades at the Caridad mine.</p> <p><b>SPCC - TEMPORARY BUILD-UP IN INVENTORIES</b> (54% owned mining subsidiary). SPCC reported operating EBITDA of US\$156 mm, which was below our \$168 mm estimate due to weaker than expected copper sales volumes as the company accumulated inventories in order to start producing copper wire rod in 2Q04.</p>



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## **Appendix B: Additional Information on SPCC and MM**

Additional Information on SPCC and MM 50

**SP COMM 006907**  
**A435**

# Illustrative IMMSA Standalone Valuation

(US\$ in millions)

Key Assumptions		Observations
Projections	<ul style="list-style-type: none"><li>■ Projections as supplied by MM management and modified as per A&amp;S review</li><li>■ Corporate SG&amp;A and explorations costs allocated to IMMSA as per UBS indication (US\$15mm per year, out of a total of US\$38mm for MM, for the first 10 years and then declines as per schedule provided by MM management)</li><li>■ No debt has been assigned to IMMSA</li></ul>	
Prices	<ul style="list-style-type: none"><li>■ MM Case - copper prices of US\$1.15/lb for 2004, US\$1.13/lb for 2005, US\$1.02/lb for 2006 and US\$0.90/lb going forward</li><li>■ A&amp;S Case - copper prices of US\$1.15/lb for 2004, US\$1.13/lb for 2005, US\$1.02/lb for 2006 and US\$0.90/lb going forward</li><li>■ Other commodity prices as per MM management projections<ul style="list-style-type: none"><li>— Silver US\$0.5/oz</li><li>— Gold US\$350/oz</li><li>— Zinc US\$0.5/lb</li><li>— Lead US\$0.35/lb</li></ul></li></ul>	
Free Cash Flow	<ul style="list-style-type: none"><li>■ Assumes capex changes under A&amp;S scenario</li><li>■ Assumes no change in working capital</li><li>■ 10% workers profit taxes and 32% income tax (33% for 2004)</li><li>■ Depreciation as provided by MM management</li><li>■ Mid-point of real discount rate range at 8.5%</li><li>■ DCF uses mid-year convention, assumes transaction closes September 30, 2004 and adjusts 1yr cash flows accordingly</li></ul>	
IMMSA Enterprise Value		% of MM
MM Case	\$ 732.3	23.2%
A&S Case	\$ 599.8	23.5%
2004 EBITDA (1)		2004 EBITDA Multiple
		6.3 x
		5.8 x

*Note: % of MM refers to % of MM Enterprise Value.*

*<sup>1</sup> EBITDA includes workers participation as part of COGS.*

# Minera México Mines and Metallurgical Assets

	Cananea Division	La Caridad / Mexcobre Division	IMMSA Division
<b>Description</b>	<ul style="list-style-type: none"> <li>■ Open pit mine located 60 miles from the Cananea metallurgical complex and near the U.S. border</li> <li>■ Largest copper mine in México and 4<sup>th</sup> largest worldwide in terms of reserves</li> </ul>	<ul style="list-style-type: none"> <li>■ Open pit mine located near the town of Nacozari, near the U.S. border</li> <li>— Situated on the top of a mountain, resulting in low stripping ratios</li> <li>— High molybdenum content extends life of mine</li> <li>■ Metallurgical complex that includes: <ul style="list-style-type: none"> <li>— Copper smelter</li> <li>— Electrolytic copper refinery</li> <li>— Precious metals refinery</li> <li>— Rod plant</li> <li>— Sulfuric acid plant</li> </ul> </li> <li>■ Processes 100% of the copper concentrate produced by Cananea and Caridad</li> </ul>	<ul style="list-style-type: none"> <li>■ Four underground mines located in the central part of México <ul style="list-style-type: none"> <li>— Mainly zinc, silver and gold</li> </ul> </li> <li>■ Nueva Rosita coal and coke complex in Northern México <ul style="list-style-type: none"> <li>— Production used at the San Luis Potosí copper smelter as well as sold to third parties</li> </ul> </li> <li>■ San Luis Potosí metallurgical complex <ul style="list-style-type: none"> <li>— Electrolytic zinc refinery, copper smelter and sulfuric acid plant</li> <li>— Plants are fed from zinc and copper concentrates produced by IMMSA's underground mines</li> <li>— Smelter expected to close in 2013</li> </ul> </li> </ul>
<b>Operating Statistics</b>	<ul style="list-style-type: none"> <li>■ Reserves of 25.2 Mt of contained copper</li> <li>■ Concentrator capacity of 80 ktpd</li> <li>■ SW-EX plant capacity (2 plants) of 56 ktpy</li> </ul>	<ul style="list-style-type: none"> <li>■ Reserves of 4.8 Mt of contained copper</li> <li>■ Reserves of 825 kt of contained molybdenum</li> <li>■ Concentrator capacity of 90 ktpd</li> <li>■ SW-EX plant capacity of 22 ktpy</li> </ul>	<ul style="list-style-type: none"> <li>■ Total concentrator capacity of 18.3 ktpy at four mines</li> <li>■ San Luis Potosí capacity: <ul style="list-style-type: none"> <li>— Copper smelter: 66 ktpy of concentrate and 25 ktpy of blister</li> </ul> </li> </ul>
<b>Key Expansion Projects</b>	<ul style="list-style-type: none"> <li>■ Two projects underway to increase SX-EW copper production by 65 ktpy with two new plants in operation in 2007 and 2009</li> <li>■ Feasibility study of installing a new concentrator plant with 110 ktpd of mill throughput capacity (not included in projections)</li> </ul>	<ul style="list-style-type: none"> <li>■ New SX-EW plant to be commissioned in 2007 with 20 ktpy production capacity</li> <li>■ Copper equivalent mining plan to be implemented starting in 2014 to extend life of mine due to high molybdenum content</li> <li>■ Management projections assume no further expansion at La Caridad metallurgical complex</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of Rosita coal plant by 1.1 Mtpy to 1.5 Mtpy in 2004</li> <li>■ Deepening of the shafts at Charcas and San Martín, with completion expected in 2005 / 2006</li> <li>■ Expected expansion of zinc refinery by 2.5 ktpy to be completed by year end 2005</li> </ul>

Source: Minera México Management Presentation - April 16, 2004.



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# SPCC Mines and Metallurgical Assets

	Cuajone	Toquepala	Ilo
<b>Description</b>	<ul style="list-style-type: none"> <li>■ Copper and molybdenum mines</li> <li>■ Started operations in 1976 and is expected to close in 2039</li> <li>■ The Company currently transports PLS to Toquepala for processing at the SX-EW plant located there</li> </ul>	<ul style="list-style-type: none"> <li>■ Copper and molybdenum mines and, SX-EW plant</li> <li>■ In operations since 1980. Expected closure in 2033</li> <li>■ SX-EW plant to close in 2028</li> <li>■ In 2002, Toquepala completed a 15 ktpd expansion increasing the daily mill throughput to 60 ktpd</li> </ul>	<ul style="list-style-type: none"> <li>■ Copper smelter and refinery, precious metals refinery, acid plant</li> <li>■ Ilo was commissioned in 1961 to process concentrate from Toquepala — Expansions where made in later years</li> <li>■ Refinery was commissioned in 1977</li> <li>■ SPCC acquired the refinery from Minero Peru in 1994 for US\$65 million and US\$20 million in committed investments</li> </ul>
<b>Operating Statistics</b>	<ul style="list-style-type: none"> <li>■ Reserves                             <ul style="list-style-type: none"> <li>— Sulfides (mt) 1,123</li> <li>— Avg. Cu Content (%) 0.64</li> <li>— Avg. Molybdenum Content 0.02</li> <li>— Leachable (mt) 58.6</li> <li>— Avg. Cu Content (%) 0.41</li> </ul> </li> <li>■ 2003 Operating Statistics                             <ul style="list-style-type: none"> <li>— Total material moved (mt) 97.5</li> <li>— Ore milled (mt) 29.8</li> <li>— Concentrate produced (kt) 710.0</li> <li>— Copper in concentrate (kt) 184.5</li> <li>— Molybdenum produced (kt) 4.9</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Reserves — contained copper                             <ul style="list-style-type: none"> <li>— Sulfide Ore (Mt) 619.6</li> <li>— Avg. Cu Content (%) 0.74</li> <li>— Avg. Mo Content (%) 0.028</li> <li>— Leachable Ore (Mt) 1,732.2</li> <li>— Avg. Cu Content (%) 0.18</li> </ul> </li> <li>■ 2003 Operating statistics:                             <ul style="list-style-type: none"> <li>— Total material moved (Mt) 105.2</li> <li>— Ore milled (Mt) 21.2</li> <li>— Concentrate produced (kt) 505.2</li> <li>— Copper in concentrate (kt) 142.4</li> <li>— Molybdenum produced (kt) 4.2</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Copper Smelter                             <ul style="list-style-type: none"> <li>— concentrate - 1,180 ktpy</li> <li>— blister - 320ktpy</li> </ul> </li> <li>■ Copper Refinery                             <ul style="list-style-type: none"> <li>— anode 350 ktpy</li> <li>— cathode 280 ktpy</li> </ul> </li> <li>■ Sulfuric Acid Plant acid 350 ktpy</li> </ul>
<b>Key Expansion Projects</b>	<ul style="list-style-type: none"> <li>■ Possible expansion from 87,000 to 140,000 MTPD - \$ 600 million</li> <li>■ Possible 22,000 MTPY SX EW plant - \$ 50 million</li> </ul>	<ul style="list-style-type: none"> <li>■ Crushing and conveying of leachable material</li> <li>■ Possible expansion from 60,000 to 90,000 MTPD - \$ 525 million</li> </ul>	<ul style="list-style-type: none"> <li>■ Smelter modernization to 1.2 MMTPY - \$ 330 million</li> <li>■ Modernized smelter expansion to 1.7 MMTPY - \$ 400 million</li> <li>■ Refinery expansion from 280,000 to 360,000 MTPY - \$ 50 million</li> </ul>

Source: SPCC Management Presentation - May 21, 2004.



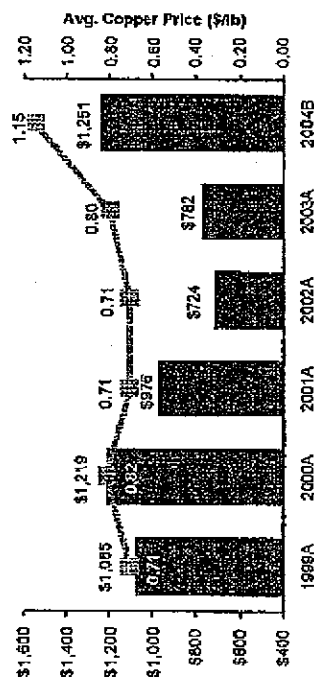
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# Historical Financial Performance and 2004 Budget

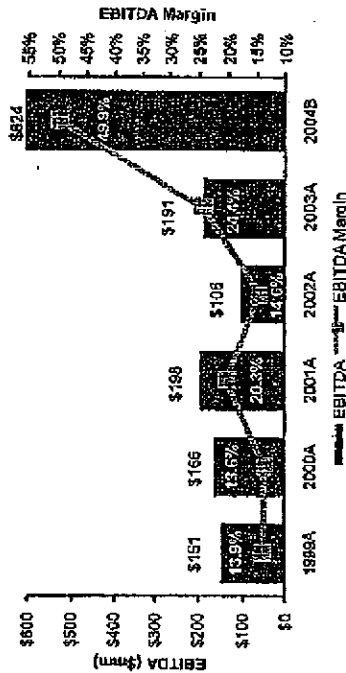
Minera México

(US\$ in millions)

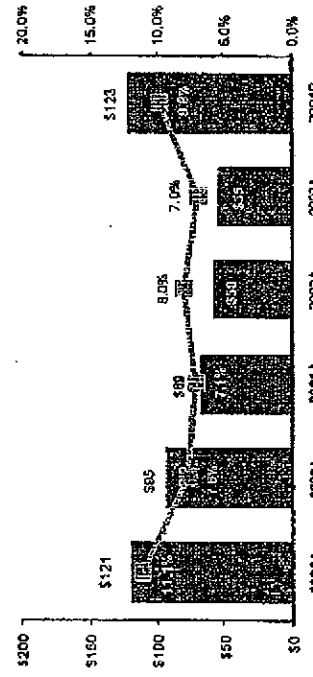
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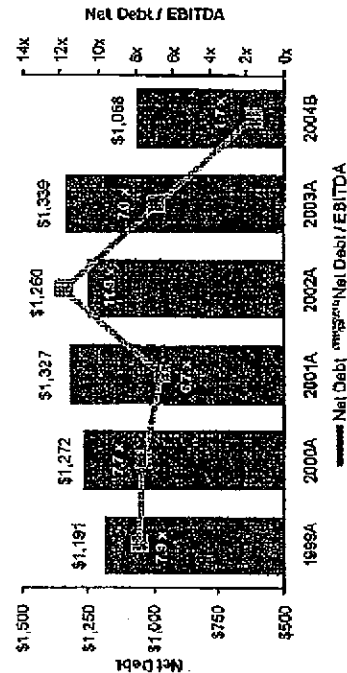
## EBITDA



## Capex and Capex as % of Net Revenues



## Net Debt and Net Debt/EBITDA



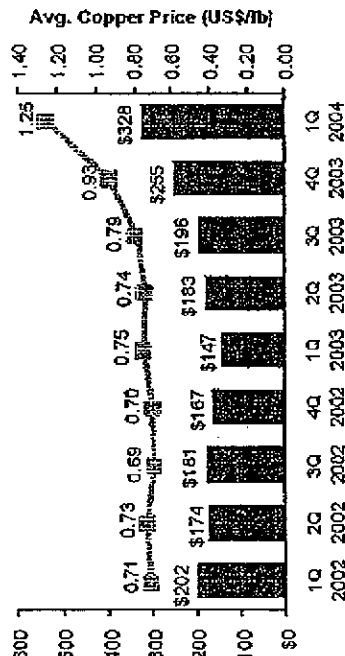
Source: Historical information from 1999 - 2003 from Grupo Minero México's 20-Fs and Grupo México's results releases (1999, 2000 and 2001 in Mexican GAAP, 2002 and 2003 in US GAAP). 2004 Budget figures from Grupo México June 2004 investor presentation other than net debt which comes from MM management. Net debt excludes minority interest. Shipping costs are capitalized.

# Historical Quarterly Financial Information

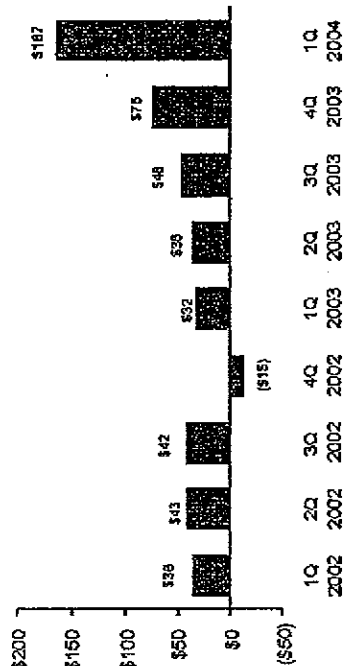
Minera México

(US\$ in millions)

## Net Revenues



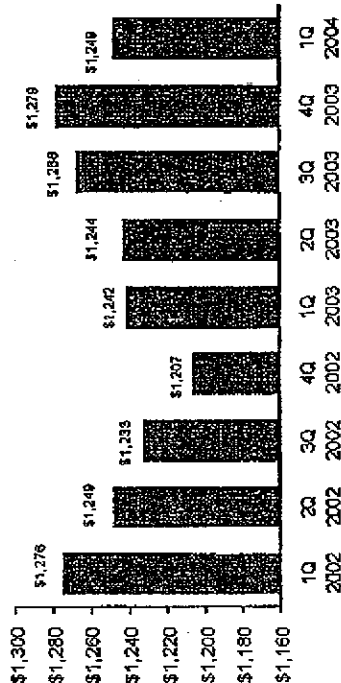
## EBITDA



## EBITDA Margin

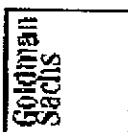


## Net Debt<sup>1</sup>



Source: Historical quarterly information supplied by MM management. Stripping costs have been capitalized.

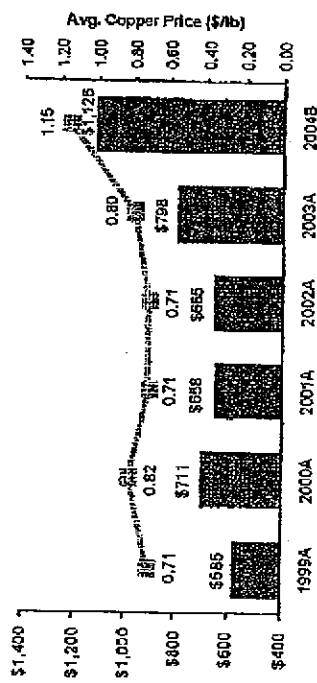
<sup>1</sup> Net debt excludes minority interest.



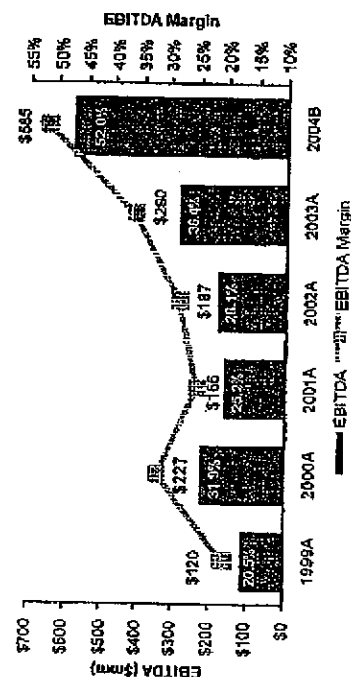
# Historical Financial Performance and 2004 Budget SPCC

(US\$ in millions)

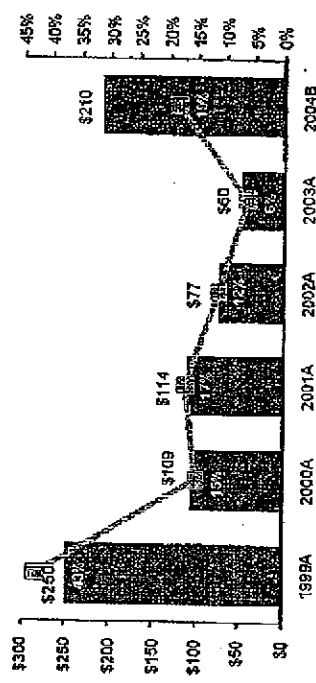
## Net Revenues



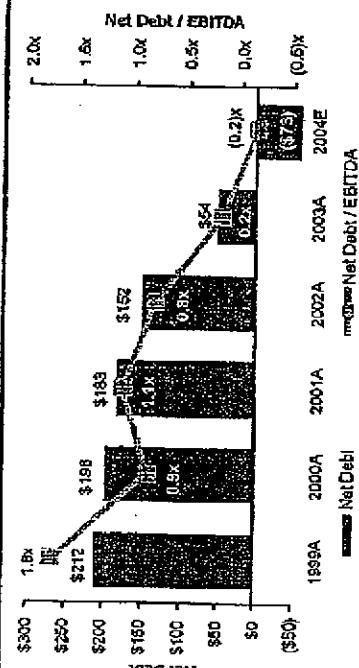
## EBITDA



## Capex and Capex as % of Net Revenues



## Net Debt and Net Debt/EBITDA



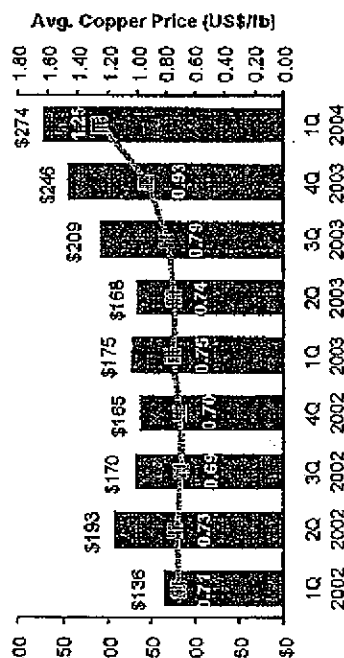
Source: Historical information from 1999 - 2003 from SPCC results releases. 2004 Budgeted figures from Grupo México June 2004 investor presentation other than net debt which comes from SPCC management. 2004 EBITDA adjusted for workers participation. Net debt excludes minority interest. Striping costs are capitalized.



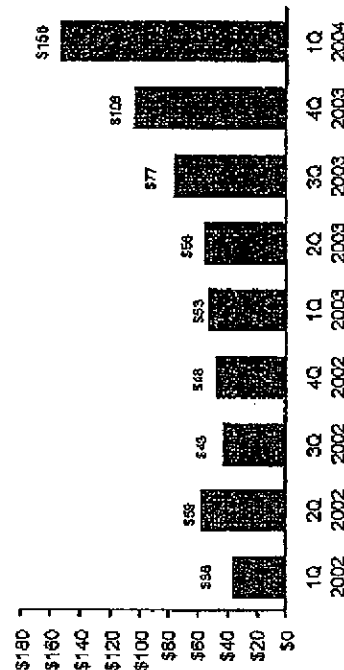
# Historical Quarterly Financial Information SPCC

(US\$ in millions)

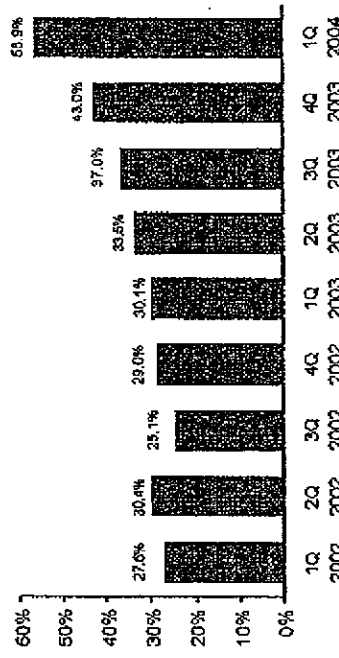
## Net Revenues



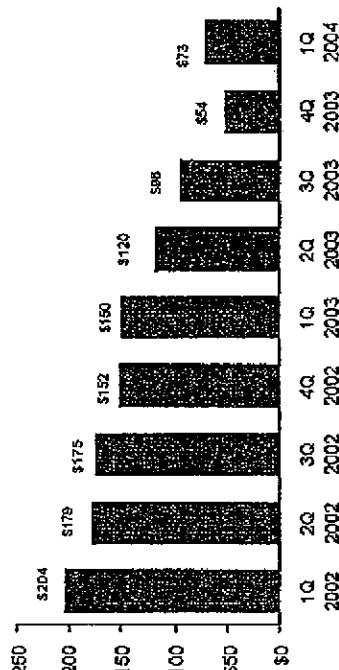
## EBITDA



## EBITDA Margin



## Net Debt<sup>1</sup>



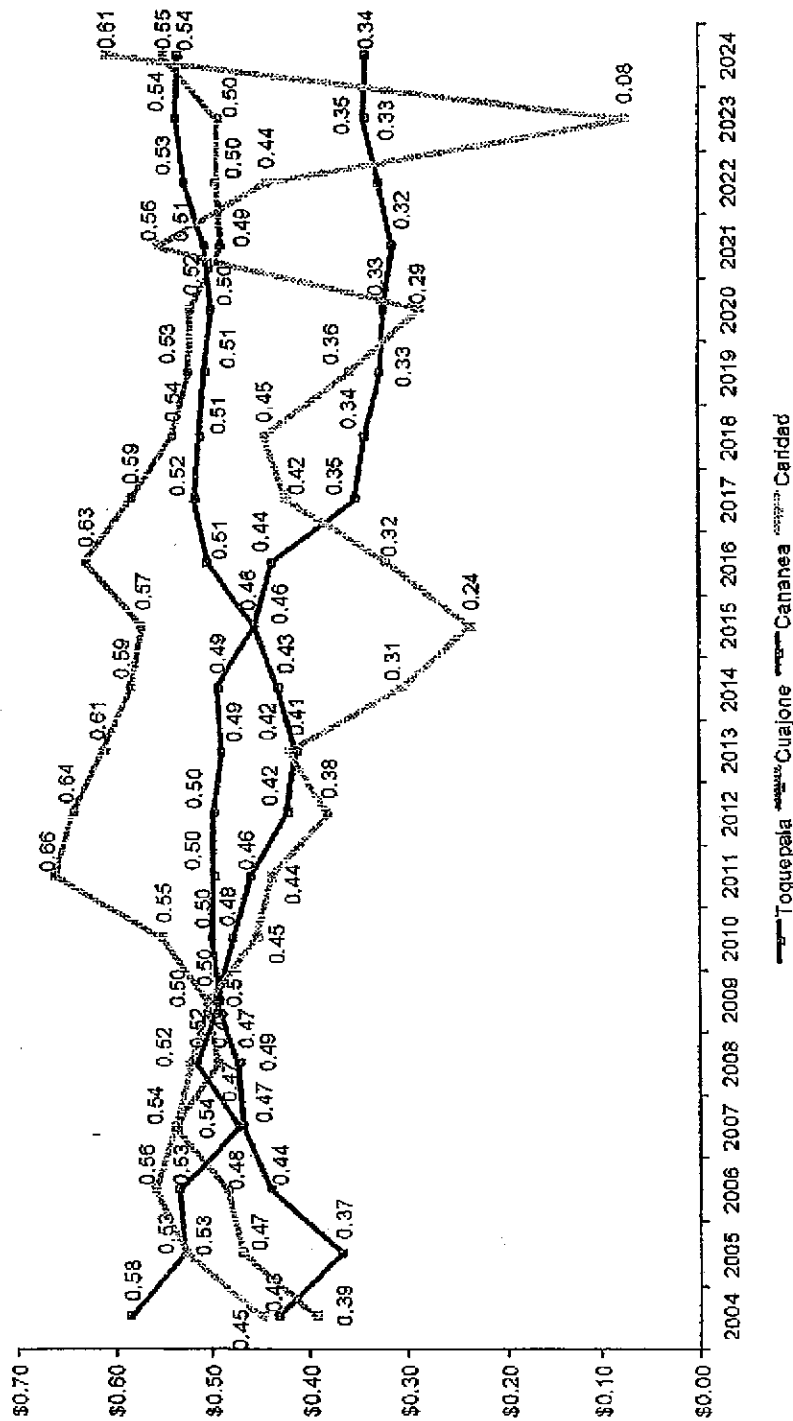
Source: SPCC's 1003 results releases. Assumes capitalization of stripping costs. Copper includes capitalized stripping.

<sup>1</sup> Net debt excludes minority interest.



# MM and SPCC Operating Cash Costs

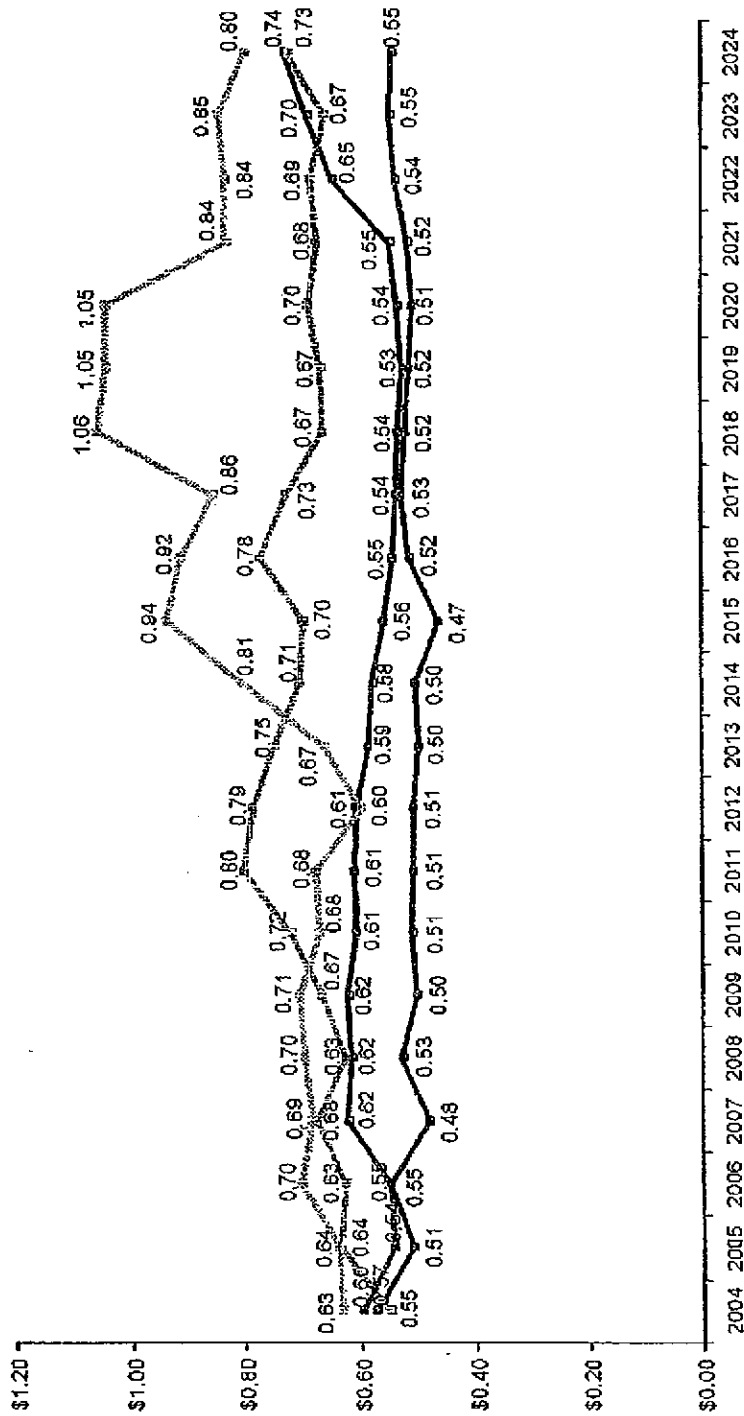
C1 Comparison Per Mine (Includes By-Products Credits and Expenses Stripping)



Source: SPCC and MM management. Values as per SPCC Case and MM Case.



# MM and SPCC Operating Cash Costs C1 Comparison Per Mine (Excludes By-Products Credits and Expenses Stripping)

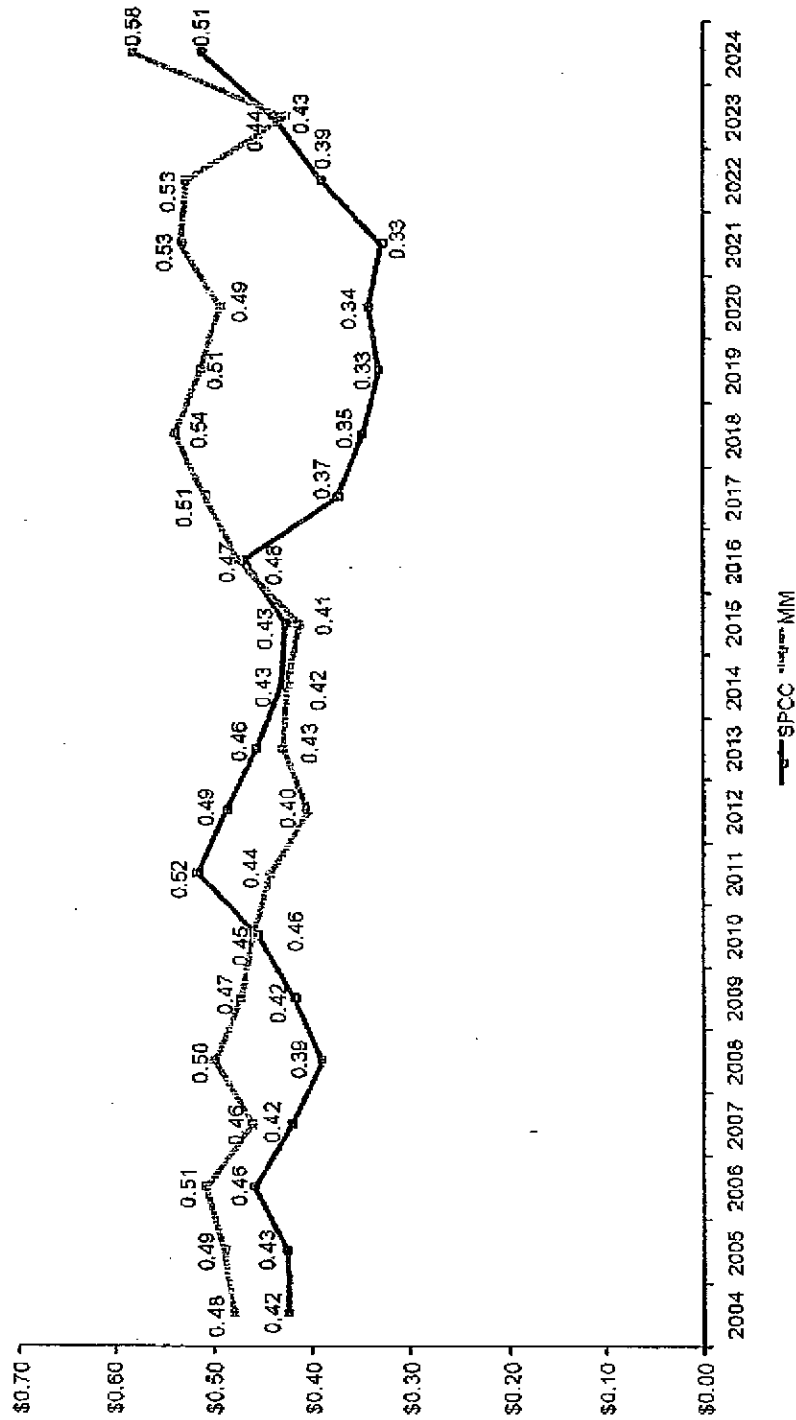


Source: SPCC and MM management. Values as per SPCC Case and MM Case.



## MM and SPCC Operating Cash Costs

Consolidated C1 Comparison (Includes By-Products Credits and Expenses Stripping -- Excludes IMMSA)



Source: SPCC and MM management. Values as per SPCC Case and MM Case.





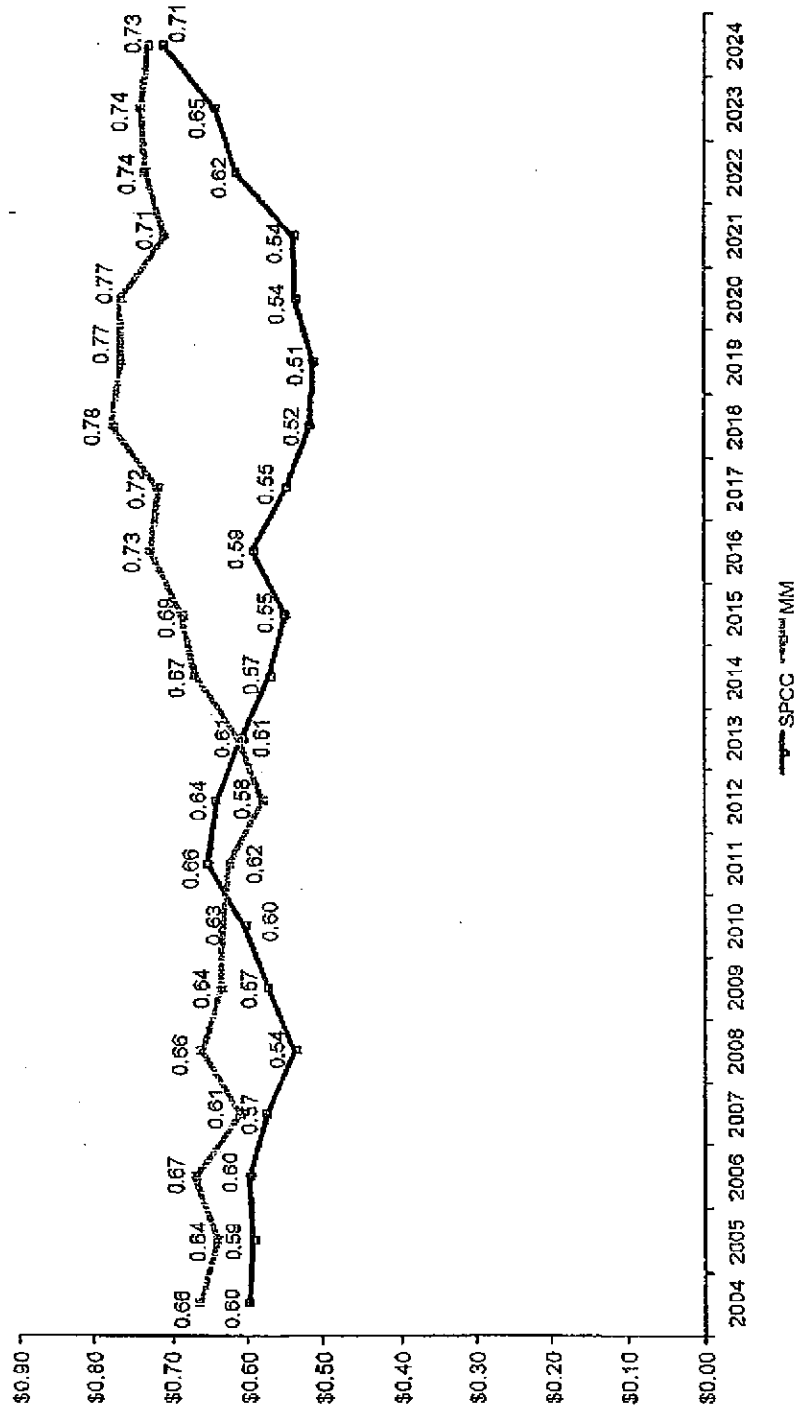
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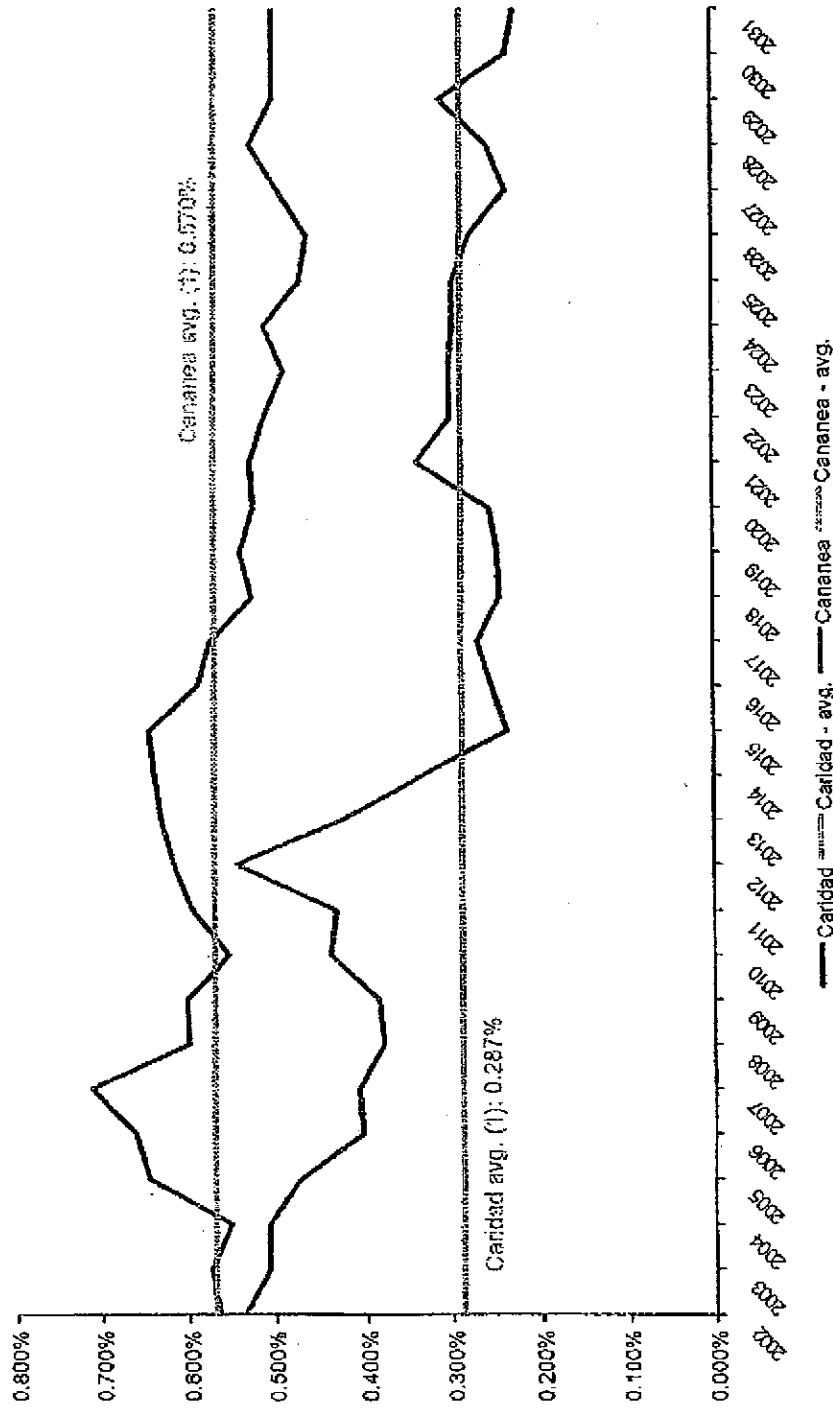
## MM and SPCC Operating Cash Costs

Consolidated C1 Comparison (Excludes By-Products and Expensing Stripping – Excludes IMMISA )



Source: SPCC and MM management. Values as per SPCC Case and MM Case.

# MM Ore Grades Evolution

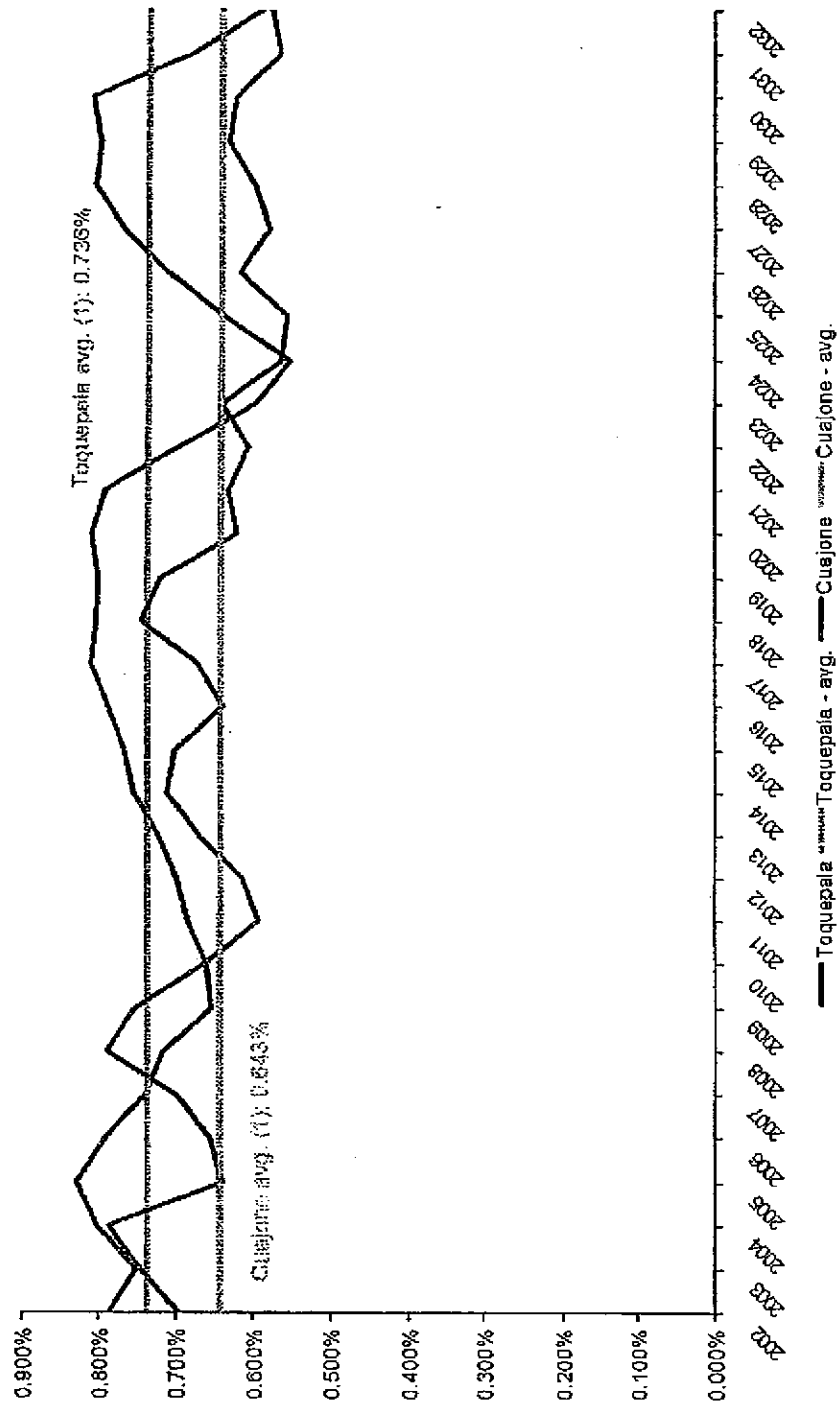


Source: MM management

\* Average calculated through the life of mine of each mine (2002 - 2061 for Caridad and 2002 - 2063 for Cananea), as per figures provided by MM management. Average includes 2002 and 2003 figures.



## SPCC Ore Grades Evolution



Source: SPCC management

\* Average calculated through the life of mine of each mine (2002 - 2032 for Toquepala and 2002 - 2041 for Cusajone), as per figures provided by SPCC management. Average include 2002 and 2003 figures.



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## Appendix C: Credit Comparison

Credit Comparison 64



# Credit Comparison

## Selected Players in the Copper Industry

(US\$ in millions)

	S&P Credit Rating (1)	Moody's Rating (1)(6)	Fitch Rating (1)	Total Debt	Book Value	Market Capitalization
SPCC (7)	CCC+	NA	BB-	352.5	1,380.7	3,275.7
Minera Mexico (7)	CCC+	NA	B	1,222.7	800.3	NM
Pro-Fortina				575.2	2,181.0	NM
Grupo Mexico	B-	NA	B-	2,838.5	1,555.0	2,887.7
Phelps Dodge	BBB-	Baa3	BBB-	1,871.6	3,382.5	7,077.9
Freeport (5)	B	B2	NA	2,195.7	1,133.1	6,751.5
Antofagasta (4)	NA	NA	NA	867.5	905.9	3,398.3
	LTM EBITDA / LTM Interest	Total Debt / LTM EBITDA	Total Debt / 2004E EBITDA	Total Debt / Total Cap (Book)	Total Debt / Total Cap (Market) (9)	
SPCC (7)	29.6 x	0.9 x	0.6 x	20.3%	9.7%	
Minera Mexico (7)	5.0 x	3.8 x	2.1 x	60.4%	NM	
Pro-Fortina	9.2 x	2.2 x	1.4 x	41.9%	NM	
Grupo Mexico	5.3 x	2.9 x	1.9 x	64.6%	51.4%	
Phelps Dodge	6.3 x	2.0 x	1.0 x	35.6%	20.9%	
Freeport (5)	4.8 x	2.6 x	2.2 x	66.0%	24.6%	
Antofagasta (4)	16.0 x	1.6 x	1.1 x	48.6%	20.1%	
Mean (2)	12.4 x	2.0 x	1.3 x	47.0%	25.3%	
Median (2)	5.3 x	2.0 x	1.1 x	48.6%	20.9%	

Source: Company filings. LTM figures as of March 31, 2004.

<sup>1</sup> Long term foreign issuer credit rating.

<sup>2</sup> Mean and median exclude Pro-Fortina (SPCC and Minera Mexico).

<sup>3</sup> Market cap as of July 2, 2004.

<sup>4</sup> Antofagasta figures as of December 2003.

<sup>5</sup> Net interest expense for Freeport.

<sup>6</sup> Moody's no longer rates the Grupo Mexico companies.

<sup>7</sup> Debt for Minera and SPCC as of May 31, 2004. 2004 EBITDA as per GM mgmt. presentation. EBITDA for SPCC and MM adjusted for workers participation.

## Observations on the Pro-Forma Credit Situation

### S&P

- S&P views the AMC family as a consolidated entity, and rates all of the subs identically (CCC+)<sup>1</sup>
- Peruvian sovereign risk (Peru is BB/Stable) is not a limiting factor on the rating of AMC or any of its subsidiaries; thus, layering on "better" sovereign risk with Mexican cash flows is unlikely to affect SPCC
- Regardless of how capital is reshuffled among the entities, ratings are thus likely to remain where they are until a material improvement in cash flows and reduction in leverage are seen

### Fitch

- Unlike S&P, Fitch's approach does not consider SPCC to be limited by the credit quality of its shareholders (AMC is rated only B)
- Also unlike S&P, Fitch's SPCC BB- rating is explicitly constrained by the sovereign rating in Peru
- However, Fitch's review of the transaction did not contemplate a transfer of debt from MM to SPCC (see below)
- "Fitch rates SPCC's foreign currency debt 'BB-', which is constrained by the 'BB-' foreign currency rating of Peru. In the event the proposed transaction was not cashless and Minera México's debt is rebalanced between it and SPCC, Fitch would not expect the underlying credit quality (local currency rating) of SPCC to deteriorate to a level below the foreign currency rating of Peru. However, any transaction that would burden SPCC with additional debt or support Minera México could affect SPCC's underlying credit quality. On Feb. 3, 2004, Grupo México announced that it had presented a proposal to SPCC shareholders to sell all of its interest in Minera México to SPCC in return for additional shares in SPCC. The transaction is pending discussion and approval by SPCC shareholders."
- MM's credit rating of B may improve, but it will have no immediate impact on that of SPCC

<sup>1</sup> Ratings are CCC+/Stable for AMC, MM, Asarco, and SPCC. S&P explaining the common rating: "due to common ownership and management, centralization of certain functions, and intercompany transactions. Americas Mining Corp. (AMC) is the majority owner of these three subsidiaries."

# Project Inca

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Discussion Materials

July 2004

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# Introduction

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The purpose of this paper is to address some of the issues raised during the meeting between UBS and Goldman Sachs held on June 16<sup>th</sup> and in subsequent e-mails and conference calls, including:

- ♦ Metal price forecasts
- ♦ Comfort with SPCC's financial model in terms of operating projections (decline in ore grades) and EBITDA estimates vis-à-vis equity research analysts and the investors' presentation published in Grupo Mexico's web site
- ♦ Relative asset quality of Minera Mexico's and SPCC's operations
- ♦ Relative valuation and contribution considerations

UBS compiled short and long term copper and molybdenum price estimates from a variety of sources, including: (i) brokers, (ii) mining companies, and (iii) mining consulting firms. These price forecasts are consistent with a long-term copper price of US\$0.90-0.95/lb and a molybdenum price of US\$3.50/lb. However, these numbers are significantly lower than average historical prices and may be subject to upward revisions in the short term.

The paper provides a comparison of the operating inputs and financial results of SPCC's financial model with reports prepared by third parties, including Brook Hunt and investment banks. This analysis shows that SPCC's projections are consistent with third party estimates. Furthermore, a reconciliation of SPCC's financial results with the ones published in Grupo Mexico's investors' presentation available in the corporate web site is also included.

We also addressed concerns regarding the relative quality of SPCC's and Minera Mexico's operations. A comparison of C1 costs shows that Minera Mexico's copper mines (i.e. Cananea and Caridad) are at least as good as Cuajone and Toquepala, and they provide the growth and additional reserves that SPCC's operations currently lack. The analysis also shows that SPCC would significantly enhance its relative cost position once the positive effects of commodity diversification into zinc and precious metals is factored in and would also exhibit lower volatility in earnings due to a relatively lower exposure to molybdenum.

This section of the document also discusses SPCC's evolving business model, from an integrated copper producer to a company in which 50% of EBITDA comes from smelting and refining operations, and the resulting change in corporate risk profile. Noranda's consistent valuation discount to Falconbridge provides clear evidence of investor preferences. The combination of Minera Mexico and SPCC would enhance the Southern Peru's reserve and production profile.

Section 4 of the document, compares SPCC's discounted cash flow value against its trading level, its peers', and equity research valuations. This section also includes a survey of equity analyst recommendations, which shows a consensus "Sell" rating for SPCC.

The last section of the document includes contribution analyses using various metrics and price assumptions. In all cases, Minera Mexico would more than double SPCC's current size.

Potential differences in operating assumptions that surfaced in the meeting with Mintec held in Tucson on June 24 are being addressed separately. On the tax side, Minera Mexico provided a full tax model to Goldman Sachs, including stand-alone and consolidated modules, as well as a reconciliation of the starting balance of tax loss carry forwards and historical tax filings. In addition, Deloitte Touche Tohmatsu indicated that Minera Mexico's tax strategy was in full compliance with Mexican law, which is reflected in the absence of any material tax lawsuits.

# Introduction

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This document does not attempt to address additional benefits from the combination, such as geographic diversification. The events surrounding the approval of mining royalties and the disparate impact that this law will have on SPCC vis-à-vis mining companies with operations in other countries (including investment grade countries) provides fresh evidence in favor of this argument.

We would appreciate receiving a list of any major issues outstanding prior to the meeting of the Special Committee of Disinterested Directors of SPCC and we will be available to address any questions arising from the materials included herein. Finally, we would like to receive a response to the revised Term Sheet dated May 7, 2004.



SECTION 1

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# Metal Prices



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# Copper Price Forecasts

The survey of forecasts is consistent with a real long-term copper price of US\$0.90-0.95/lb vs. a historical average real price of US\$1.14/lb

## Broker and Mining Consultant Survey

(US\$/lb)	04E <sup>1</sup>	05E <sup>1</sup>	06E <sup>1</sup>	LT <sup>1</sup>
Bear Stearns	1.25	1.30		
Citi	1.10	0.93		0.85
CSFB	1.22	1.05		
Dresdner	1.20	1.05	0.95	0.90
Goldman Sachs	1.22	1.25	1.35	
JPMorgan	1.07	1.28	1.09	
Lehman Brothers	1.35	1.35	1.35	
Merrill Lynch	1.08	1.13	0.99	0.82
Morgan Stanley	1.26	1.25	1.15	1.00
RBC	1.10			0.95
UBS	1.28	1.18	1.08	0.90
<b>Average</b>	<b>1.19</b>	<b>1.18</b>	<b>1.14</b>	<b>0.90</b>
<b>Median</b>	<b>1.22</b>	<b>1.22</b>	<b>1.09</b>	<b>0.90</b>
Brook Hunt <sup>2</sup>	1.26	1.28	1.10	0.95
CRU <sup>3</sup>	1.14	1.03	0.94	0.92
<b>Average</b>	<b>1.20</b>	<b>1.16</b>	<b>1.02</b>	<b>0.94</b>
<b>Median</b>	<b>1.20</b>	<b>1.16</b>	<b>1.02</b>	<b>0.94</b>

## Reserve Valuation Survey

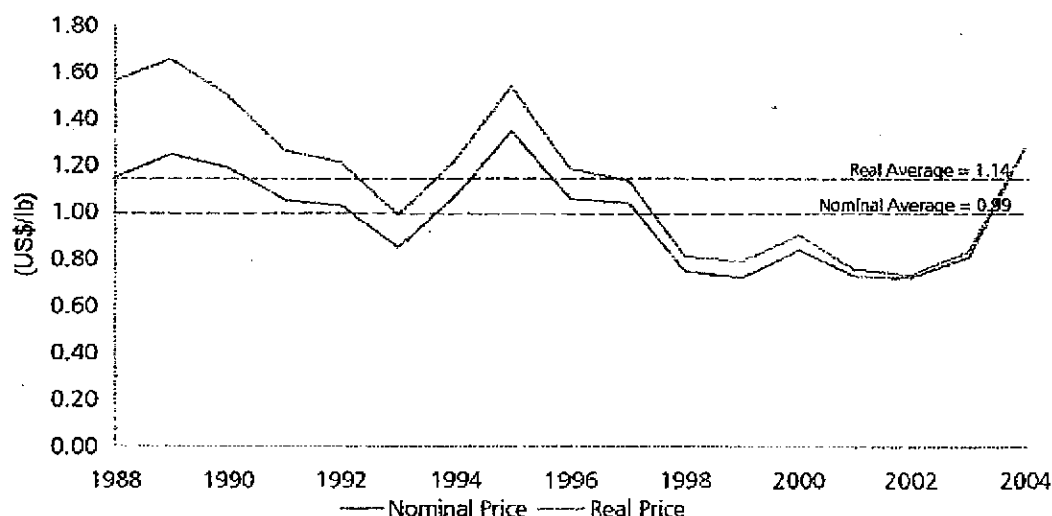
Company <sup>4</sup>	US\$/lb
Antofagasta	0.88
Aur Resources	0.95
Codelco	0.95
Grupo Mexico	0.90
Phelps Dodge	0.90
SPCC	0.90
<b>Average</b>	<b>0.91</b>
<b>Median</b>	<b>0.90</b>

Source: Wall Street Research, Brook Hunt, CRU, Company Annual Reports

### Notes:

- 1 Nominal Prices are typically used for medium-term forecasts. Real prices are used for long-term forecasts
- 2 Average price for 2004-2014 and 2015. The average price for the half-cycle starting in 2004 and ending in US\$1.00/lb
- 3 CRU's deemed long-term price estimated using the average price for the 2004-2008 half cycle
- 4 Pure play copper companies

## Historical Copper Price Analysis



Source: Wall Street Research, real prices deflated by US\$ PPI



## CRU Data

### CRU estimates show a real mid-cycle price of US\$0.92/lb

The list of copper price forecasts compiled by Goldman Sachs indicated the following price path for CRU estimates:

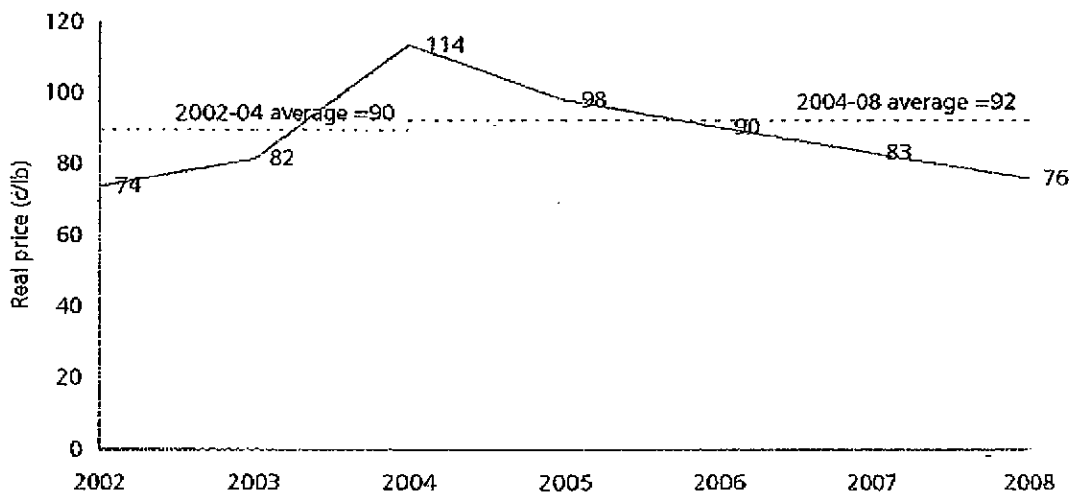
	2004E	2005E	2006E	2007E	2008E	long Term
Copper price	1.098	0.968	0.891	0.820	0.748	0.748

These numbers are the same as the real<sup>1</sup> copper price forecasts published in the Copper Quarterly Report January 2004. The April quarterly report includes an upward price revision, which is shown below.

Industry consultancy firms, such as Brook Hunt and CRU, do not include a long-term price forecast in their publications. Instead, they forecast the timing and duration of future copper cycles and they truncate the price series 5-10 years into the future (five years in CRU's case).

As shown in the chart below, CRU estimates that the current peak of the cycle will take place in 2004 and that the down-cycle will start in 2005.

CRU Historical and Forecasted Real Copper Prices



Source: CRU Copper Quarterly Report April 2004

Footnote #1 of the list compiled by Goldman Sachs indicates that the 2008E copper price forecast was used to derive the long-term copper price estimate for CRU. In fact, the 2008E forecast shows the bottom of the cycle price, while a mid-cycle price forecast would provide a more realistic estimate of the long-term price according to CRU. Based on the two half-cycles shown in the chart above, the real long-term copper price should exceed US\$0.90/lb. In turn, this would increase the average long-term price forecast of the list compiled by Goldman Sachs to US\$0.894/lb.

Note:

1 The forecasts compiled by Goldman Sachs for 2004-2008E contain a combination of nominal and real price estimates

## Other Price Considerations

### The unanimous broker consensus long-term estimate for molybdenum is US\$3.50/lb...

In the meeting held at UBS offices on June 16<sup>th</sup>, reference was made to the fact that Minera Mexico used a long-term copper price of US\$0.85/lb in the independent reports prepared by Mintec and Winters Dorsey & Co. These two reports were prepared as part of the Common Agreement for the US\$881 million facility closed in 2003 and, as a result, reflect the credit case selected by the banks, rather than the expected long-term copper price.

Minera Mexico and SPCC use a copper price of US\$0.90/lb to value reserves (which is also, by definition, a conservative assumption), and the operating model for Caridad was recalculated using this copper price. No changes were made to the Cananea model, as the underlying assumption in the mining plan was that the existing concentrator would not be moved from its current location. As a result, Cananea's reserves valued at US\$0.85/lb will not fully be mined in the current production plan. No attempt was made to run a case with reserves at US\$0.90/lb to determine if the relocation of the concentrator would increase Cananea's NPV, although Minera Mexico may review this alternative.

### MOLYBDENUM PRICE FORECASTS

UBS has not yet received a list of price forecasts that sustains a long-term molybdenum price of US\$2.5/lb. Nevertheless, the section on asset quality includes a discussion on the impact of molybdenum prices on Minera Mexico and SPCC, which shows that under a low price environment for molybdenum, SPCC would be relatively more affected than Minera Mexico. This analysis, attempts to address the opposite argument raised by Goldman Sachs in the meeting of June 16th.

A smaller number of banks and consultants produce molybdenum price forecasts vis-à-vis copper. Based on our sample of long-term estimates, the consensus view supports a molybdenum price of US\$3.50/lb compared to a historical average of US\$4.33/lb.

#### Broker Survey

(US\$/lb)	04E <sup>1</sup>	05E <sup>1</sup>	06E <sup>1</sup>	LT <sup>1</sup>
Bear Stearns	5.32	6.00	4.50	
Citi	5.50	4.00	3.50	3.50
JP Morgan	8.00	6.00	6.10	
ML	6.61	6.61	3.50	3.50
Morgan Stanley	8.59	4.50	4.00	
RBC	5.00	3.50	3.50	3.50
UBS				3.50
<b>Average</b>	<b>6.50</b>	<b>5.10</b>	<b>4.18</b>	<b>3.50</b>
<b>Median</b>	<b>6.06</b>	<b>5.25</b>	<b>3.75</b>	<b>3.50</b>

Source: Wall Street Research

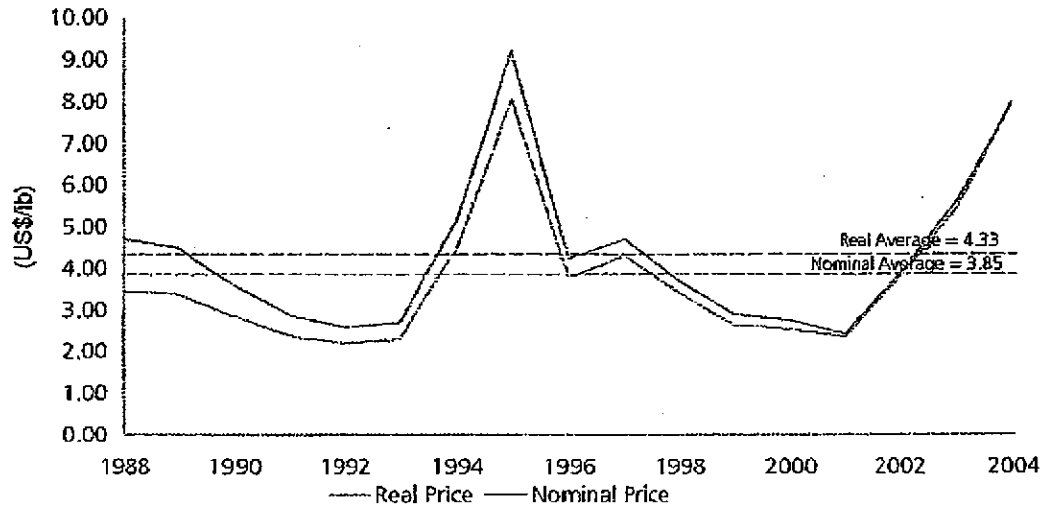
Note:

1 Nominal prices are typically used for medium-term forecasts

## Other Price Considerations

...which is lower than the historical average real price of US\$4.33/lb

Historical Molybdenum Price Analysis



Source: Wall Street Research, nominal prices deflated by US PPI



SECTION 2

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# SPCC Financial Model



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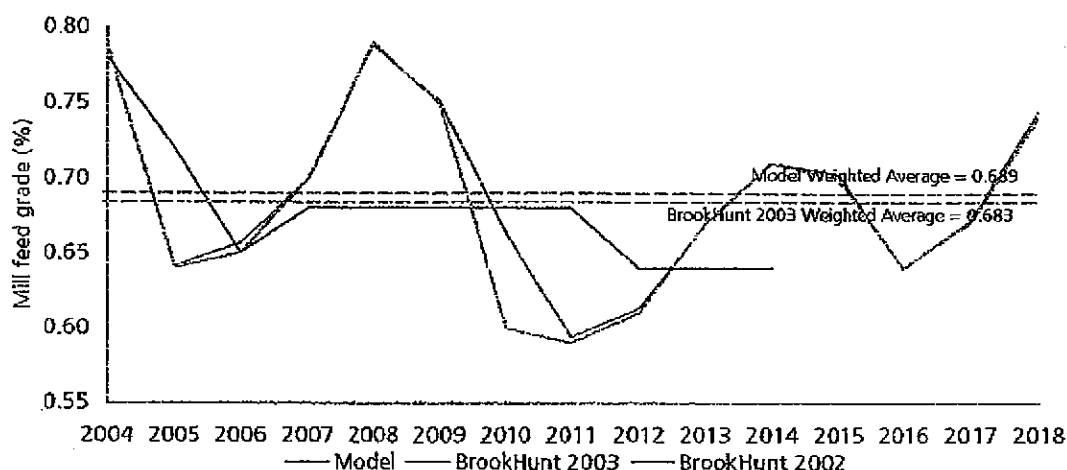
## Third Party Ore Grade Estimates

### The ore grade estimates included in the SPCC model are more optimistic than Brook Hunt's

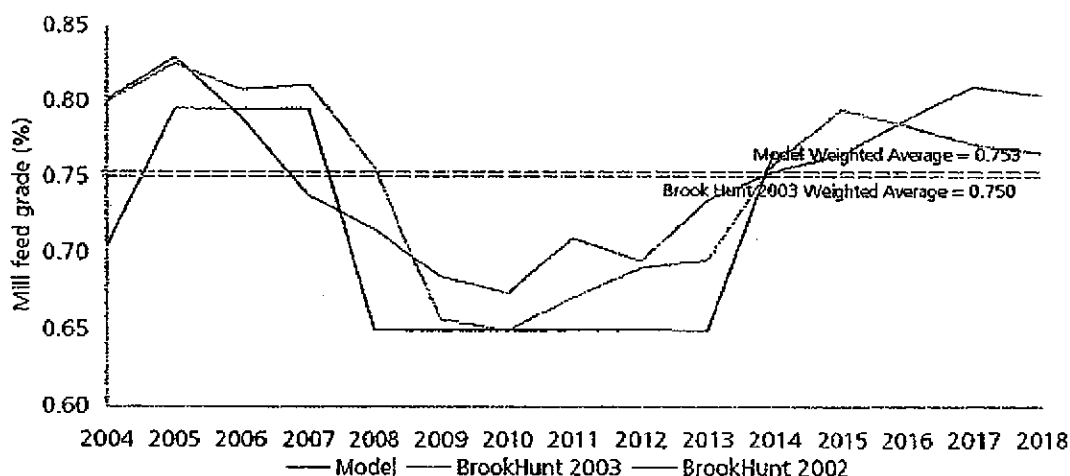
Goldman Sachs expressed concern that the drop in ore grades assumed in SPCC's financial model version 04P was not consistent with third party estimates.

UBS compared the expected evolution of ore grades in the financial model with the ones published by Brook Hunt in their 2002 and 2003 editions of Copper Costs: Mines & Projects. In both cases, the financial model shows higher average grades than the ones projected by Brook Hunt. In addition, the direction and magnitude of changes in ore grades are very similar. This analysis provides confirmation that the forecasted reduction in ore grades is known in the market, and has been known for some time.

#### Cuajone – Ore Grade Comparison



#### Toquepala – Ore Grade Comparison



Source: Brook Hunt Copper Costs: Mines & Projects 2002 and 2003 Editions, financial model version 04P

## EBITDA Reconciliation

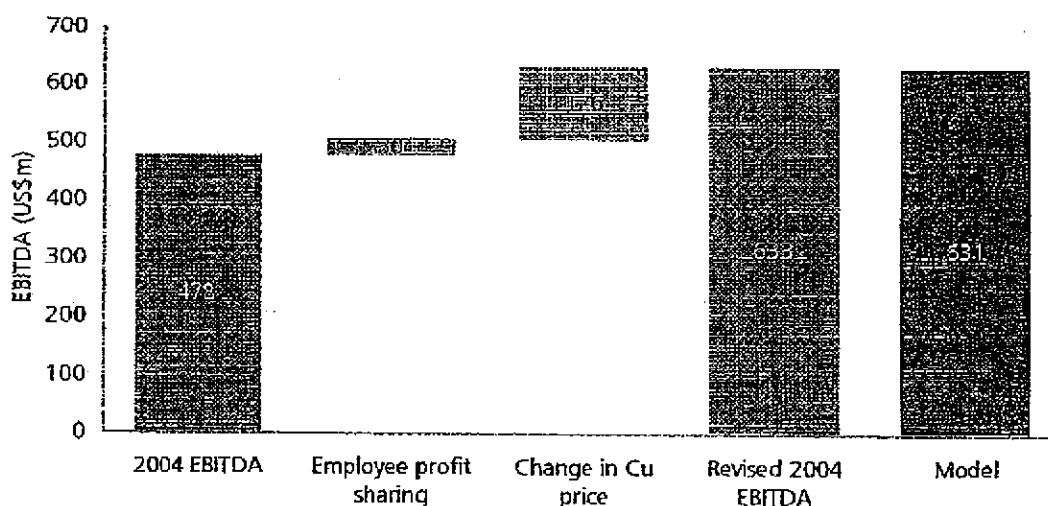
### The model is consistent with Grupo Mexico's investors' presentation

We understand Goldman Sachs was unable to replicate SPCC's budgeted EBITDA for 2004 that was published in Grupo Mexico's Investors' Presentation dated May 2004. As a result, Goldman Sachs expressed concerns that the financial model version 04P provided by SPCC did not reflect "management's beliefs on the potential" of the company. The reconciliation of the EBITDA figure is provided below.

(US\$m)	Amount	Comment
January budget	477.6	<ul style="list-style-type: none"> <li>2004 EBITDA calculated using the following metal prices:               <ul style="list-style-type: none"> <li>copper: US\$1.00/lb</li> <li>molybdenum: US\$6.00/lb</li> </ul> </li> </ul>
Employee profit sharing	30.0	<ul style="list-style-type: none"> <li>This figure was added to make the EBITDA number consistent with Minera Mexico's</li> </ul>
Change in copper price	125.9	<ul style="list-style-type: none"> <li>The average copper price for 2004 was revised to US\$1.15/lb</li> <li>The January budget had net copper payable production of 844.2mlbs and sales of 839.2mlbs</li> <li>The company performed the following calculation:               <ul style="list-style-type: none"> <li>change in copper price x copper sale</li> <li><math>= 839.2 * 0.15 = 125.9</math></li> </ul> </li> </ul>
<b>May EBITDA</b>	<b>633.5</b>	

Similarly, running SPCC's model at a copper price of US\$1.15/lb for 2004 and adding back the employee profit sharing ("PTU"), results in an EBITDA of US\$631 million, compared to the US\$633 million in GM's presentation (less than 1% difference). The following chart shows the results of the reconciliation graphically.

Calculation of 2004 EBITDA in GM's May Investors Presentation



Source: AMC, SPCC, financial model version 04P



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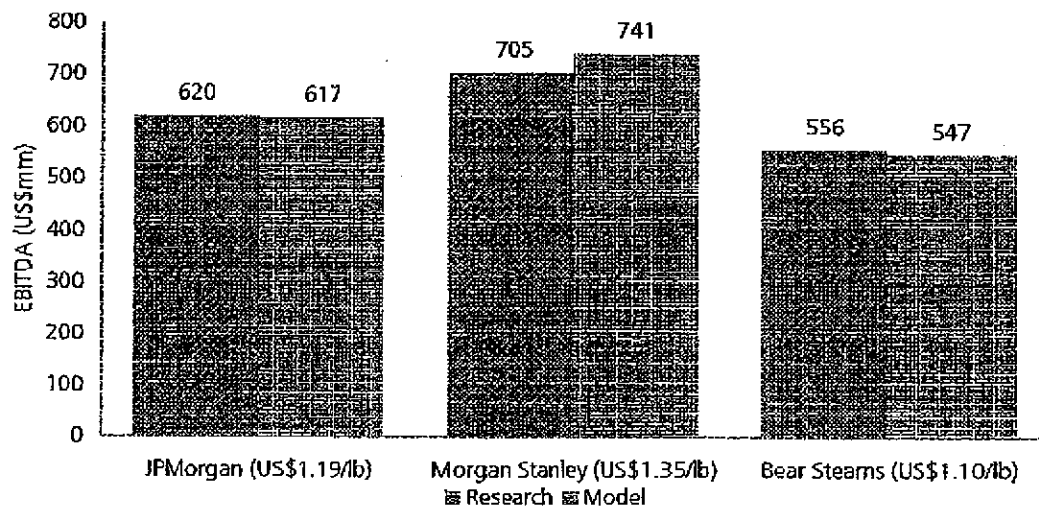
## EBITDA Reconciliation

### SPCC's financial model is also consistent with Wall Street equity research analyst estimates

If SPCC's financial model is run at the same prices as those projected by equity research analyst's, the resulting EBITDAs are be consistent with Street projections.

#### 2004 EBITDA Reconciliation

Equity Research Analysts vs. Model



Source: Wall Street research, financial model version 04P

SECTION 3

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# Asset Quality



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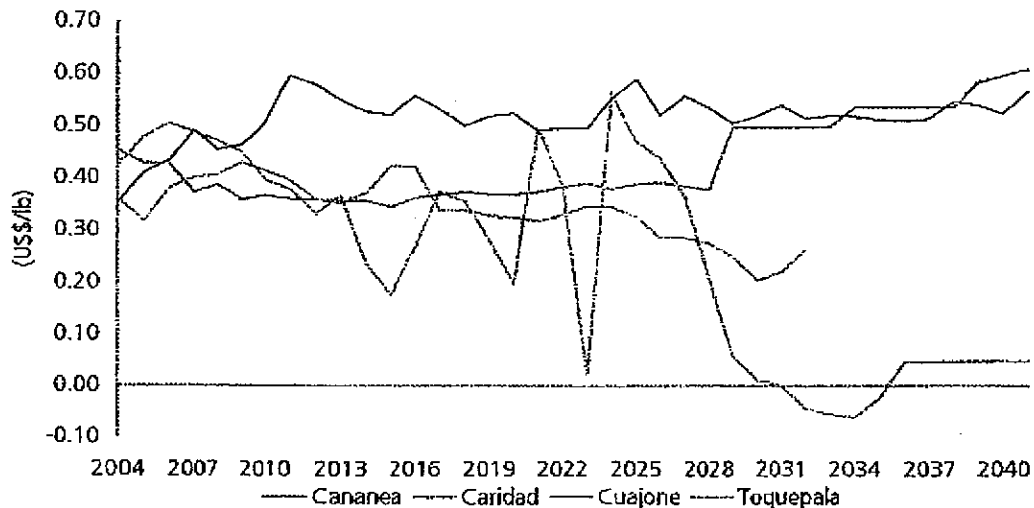
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## Mine Costs

**Minera Mexico's copper mines have similar unit costs than SPCC's. In fact, Cuajone has the highest cost among the four operations**

C1 Cost



Source: SPCC financial model version 04P, Minera Mexico financial model version 04

SPCC's competitive positioning would be enhanced by the acquisition of Minera Mexico once the projected SX-EW plants at Cananea and Caridad are commissioned. Based on the life-of-mine average C1 costs for each mine, Caridad ranks as the lowest cost operation among the four, followed by Toquepala, Cananea, and Cuajone.

Caridad's C1 shows large fluctuations from 2013 to 2028 due to changes in molybdenum ore grades. Starting in 2013, Caridad will be mined as a copper-equivalent operation, which will be optimized for the combined production of copper and molybdenum. Annual fluctuations in C1 cost would be lower if the denominator used copper-equivalent, instead of copper only.

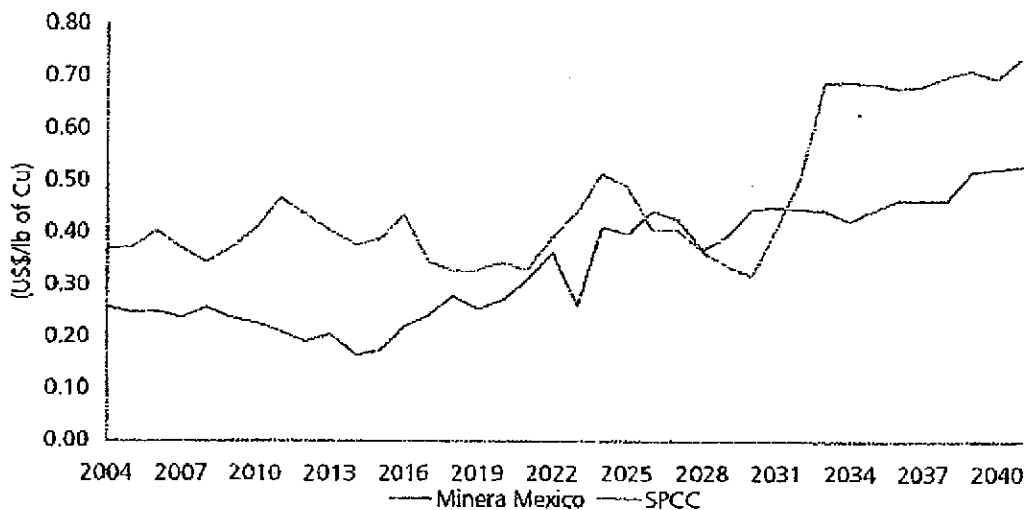
# Mine Costs

## Commodity diversification would greatly enhance SPCC's relative cost position on a consolidated basis

On a consolidated basis, Minera Mexico has a lower cash cost than SPCC. While the C1 cost for Caridad and Cananea are similar or slightly lower than the ones for Cuaajone and Toquepala, the consolidated cash cost takes into account by-product credits from IMMSA's non-copper operations.

The significant increase in consolidated cash cost for SPCC after 2032 is due to the purchase of concentrate from third parties required to supply the Ilo smelter after Toquepala closes.

Consolidated Cash Cost



Source: SPCC financial model version 04P, Minera Mexico financial model version 04

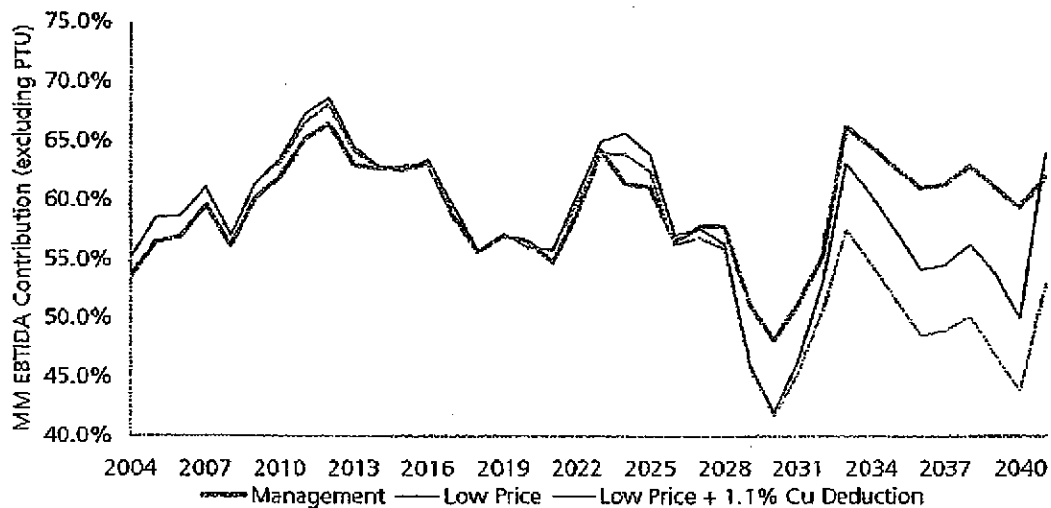
# EBITDA Contribution Analysis

## Low metal price environments favor Minera Mexico

The following chart compares SPCC's expected EBITDA excluding employee profit sharing under different operating assumptions:

- ♦ Management case: the one currently developed in SPCC's financial model version 04P
- ♦ Low Prices: assumes real copper and molybdenum prices of US\$0.85/lb and US\$2.50/lb, respectively
- ♦ 1.1% Deduction: metal deduction is reduced from 3.5% to 1.1% from 2007 onwards

### Minera Mexico Pro Forma EBITDA Contribution



Source: SPCC financial model version 04P, Minera Mexico financial model version 04

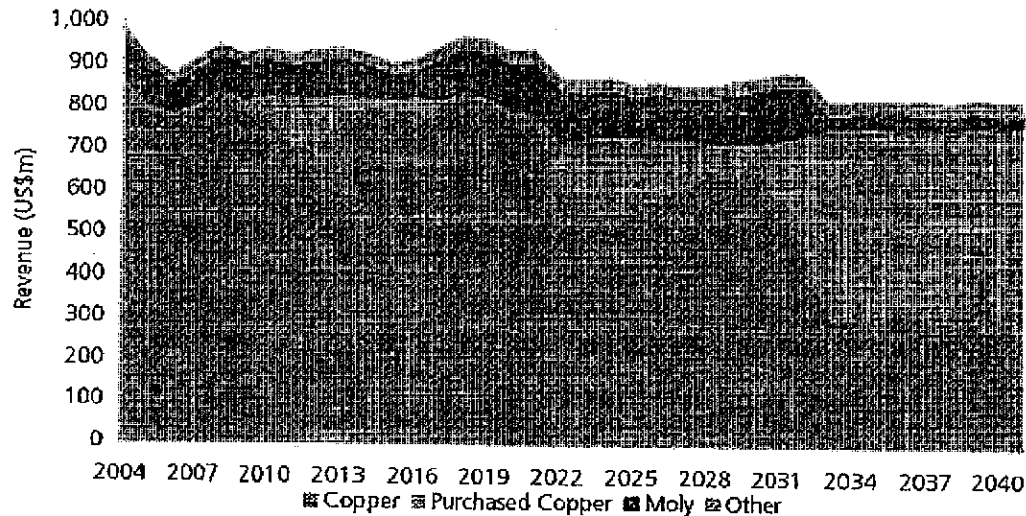
The result of this analysis shows that Minera Mexico's EBITDA contribution to the combined entity would increase in a low price scenario until the late 2020's due to its lower cost asset base. SPCC's contribution would increase for approximately a decade and then fall to zero thereafter.

# SPCC's Evolving Business Model

**Increasing exposure to smelting and refining operations, which will account for 50% of EBITDA...**

**SPCC Is Increasingly Reliant on Purchases of Copper Concentrates from Third Parties...**

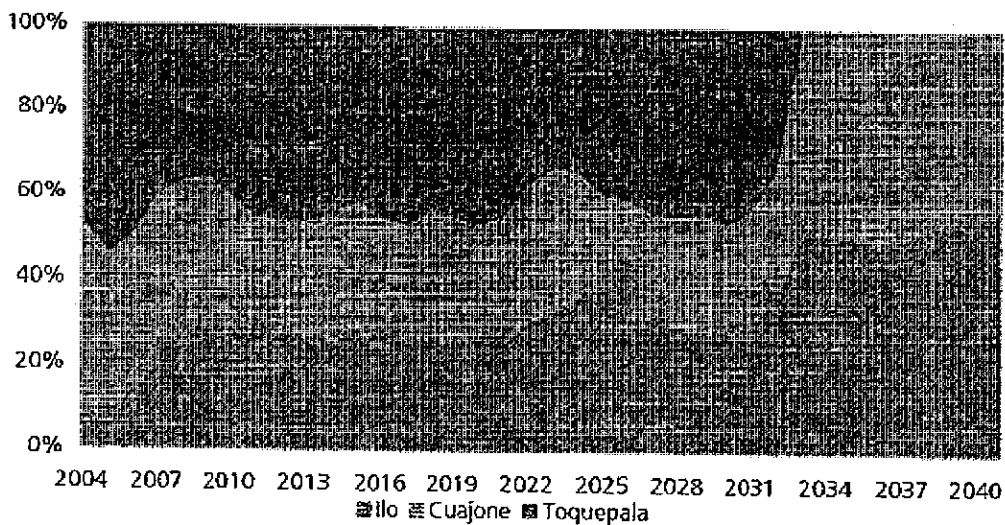
Revenue Evolution



Source: SPCC financial model version 04P

**...with an Increasing Percentage of Total EBITDA Coming from Ilo**

EBITDA Contribution by Unit



Source: SPCC financial model version 04P





## Sensitivity to TC/RCs and Deductions

### ...resulting in an inherently different risk profile

As shown above, after the closing of Toquepala, Ilo will be SPCC's most important asset in terms of EBITDA contribution. Consequently, SPCC will be highly sensitive to the existence of a reliable supply of concentrate at attractive commercial conditions sufficient to fill the capacity of the smelter, as Cuajone would supply less than 50% of the volume required by Ilo. Codelco's recent decision not to develop the Mejillones complex was driven by the projected shortage of concentrate in the region.

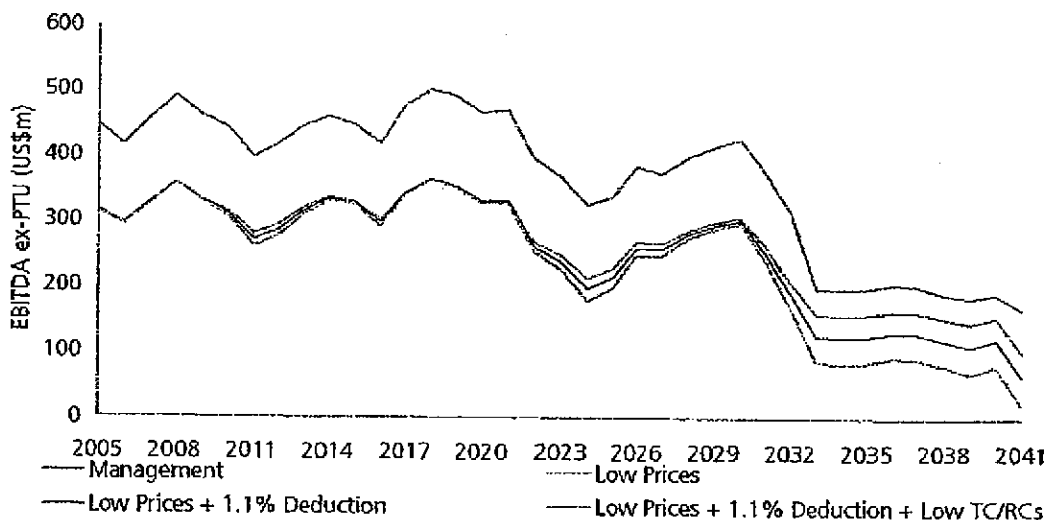
SPCC's financial model assumes a metal deduction of 1.1% from 2004 to 2006 and 3.5% starting in 2007. The model also assumes that the average grade for concentrate purchased after 2007 is 31%. The 3.5% deduction is subtracted from the 31%, so that SPCC only pays for 27.5%, or 89% of the copper contained in concentrate. This compares to a copper recovery ratio at the smelter of 97.6% and 99.75% at the refinery. As a result, SPCC gets a significant volume of "free copper" (i.e. the difference between the metal deduction and the metallurgical loss). For comparison purposes, Minera Mexico assumes a metal deduction of 1.0%, or 3.6% of copper contained in concentrate, which is similar to its metallurgical loss.

In addition, the financial model assumes a long-term TC/RC of 75/7.5, compared to 70/7.0 for Minera Mexico. The following chart compares SPCC's expected EBITDA excluding employee profit sharing under different operating assumptions:

- ♦ Management case: the one currently developed in SPCC's financial model version 04P
- ♦ Low Prices: assumes real copper and molybdenum prices of US\$0.85/lb and US\$2.50/lb, respectively
- ♦ 1.1% Deduction: metal deduction is reduced from 3.5% to 1.1% from 2007 onwards
- ♦ Low TC/RCs: TC/RC for 2007-41 is held constant at 40/4.0, to reflect low availability of concentrate

### TC/RCs and Deductions Will be SPCC's Key Profit Drivers Once Toquepala Closes

EBITDA Evolution



Source: SPCC financial model version 04P

The combination of low metal deductions and TC/RCs would significantly affect SPCC's performance once Toquepala ceases to operate.

# Sensitivity to Molybdenum Prices

## SPCC is more sensitive to molybdenum price fluctuations than MM

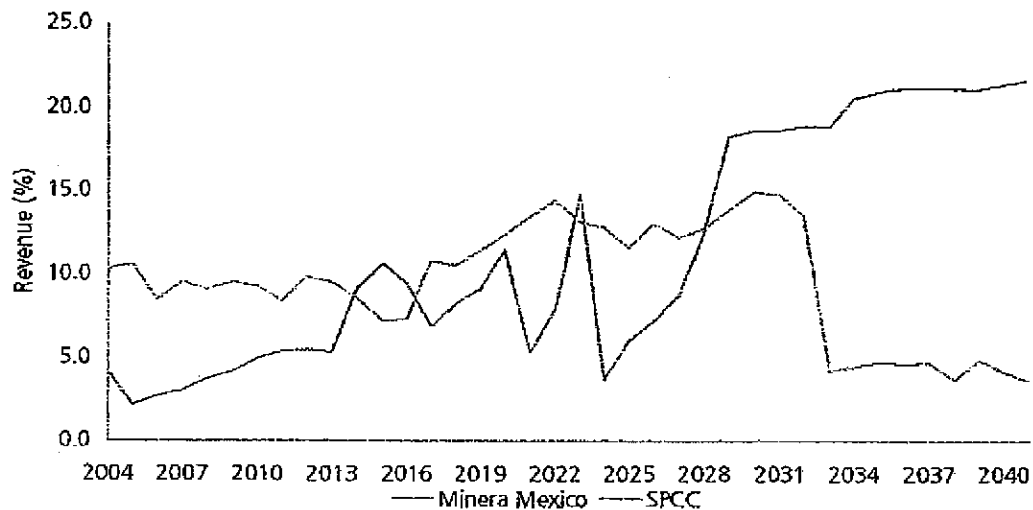
During the meeting of June 16<sup>th</sup>, Goldman Sachs indicated that Minera Mexico was more exposed to molybdenum prices than SPCC.

Minera Mexico's relative exposure to molybdenum will be consistently lower than SPCC's until 2029. The increase in molybdenum production at Minera Mexico is the result of the decision to implement a mining plan for Caridad that is optimized for copper production only until 2013 and copper plus molybdenum thereafter. However, molybdenum as a percentage of sales will remain below SPCC's for 16 additional years.

The reduction in the relative weight of molybdenum for SPCC is the direct result of the closing of Toquepala in 2032.

### Minera Mexico Would Lower SPCC's Exposure to Molybdenum During the Next 25 Years

Molybdenum Contribution to Revenue



Source: SPCC financial model version 04P, Minera Mexico financial model version 04

Note: Revenue gross of concentrate purchases

SECTION 4

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# SPCC Valuation Considerations



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# Price/NAV Analysis

**Copper producers are trading at a 30% premium to DCF values; SPCC is trading at a higher premium based on management model results**

**Trading Comparables (8% real discount rate)**

	Share Price 6/28/2004 (US\$)	52 Week		Equity Value <sup>1</sup> (US\$m)	Enterprise Value <sup>2</sup> (US\$m)	P/E <sup>2</sup>		EV / EBITDA <sup>3</sup>		Price / NAV <sup>4,5</sup> Man. Case (x)	Price / NAV <sup>4,5</sup> Low. Case (x)	Price / NAV <sup>4,5</sup> Avg. Case (x)
		High (US\$)	Low (US\$)			D4E (x)	D5E (x)	D4E (x)	D5E (x)			
<b>Copper Producers</b>												
Antofagasta	17.6	23.5	11.0	3,475	4,480	20.4	25.8	11.1	13.0	1.1	1.5	1.4
AUR Resources	4.4	6.2	2.4	415	489	12.9	15.0	5.0	5.4	1.6	4.6	2.9
Phelps Dodge	75.4	90.5	37.3	7,045	8,390	18.3	16.9	6.9	6.6	1.1	2.1	1.7
<b>Mean:</b>				<b>3,615</b>	<b>4,455</b>	<b>17.2</b>	<b>18.2</b>	<b>7.7</b>	<b>6.3</b>	<b>1.3</b>	<b>2.7</b>	<b>2.0</b>
<b>Median:</b>				<b>3,475</b>	<b>4,480</b>	<b>18.3</b>	<b>16.9</b>	<b>6.9</b>	<b>6.6</b>	<b>1.1</b>	<b>2.1</b>	<b>1.7</b>
<b>Diversified Producers</b>												
Noranda	17.4	18.5	9.1	5,134	7,444	10.9	13.3	4.3	5.0	1.0	1.3	1.1
Tack Cominco	17.6	19.5	7.9	3,285	4,031	15.3	12.0	7.2	6.3	1.5	1.7	1.6
Xstrata	13.3	14.0	6.9	8,368	11,204	15.8	8.6	7.5	5.3	1.2	1.3	1.3
Falconbridge	24.2	27.8	12.9	4,336	5,491	6.5	10.3	4.1	5.4	1.5	2.0	1.8
Freeport	33.2	46.7	23.4	6,650	8,603	141.1	14.8	17.3	6.3	1.8	2.5	2.4
<b>Mean:</b>				<b>5,554</b>	<b>7,354</b>	<b>37.9</b>	<b>11.8</b>	<b>6.1</b>	<b>5.7</b>	<b>1.4</b>	<b>1.8</b>	<b>1.6</b>
<b>Median:</b>				<b>5,134</b>	<b>7,444</b>	<b>15.3</b>	<b>12.0</b>	<b>7.2</b>	<b>5.4</b>	<b>1.5</b>	<b>1.7</b>	<b>1.6</b>
SPCC	40.2	51.7	15.1	3,213	3,274	13.1	14.5	7.0	7.3	1.4	2.4	2.0
SPCC with royalties <sup>6</sup>	40.2	51.7	15.1	3,213	3,274	14.3	15.8	7.3	7.6	1.5	2.7	2.3

## Implied Share Price Sensitivity

### Excluding royalties

WACC	Copper Price					WACC	Molybdenum Price				
	0.80	0.95	1.00	1.05	1.10		3.90	4.40	4.90	5.40	5.90
8.0%	20.6	24.0	27.4	30.7	34.1	8.0%	25.7	26.5	27.4	28.2	29.0
9.0%	18.4	21.5	24.6	27.7	30.8	9.0%	23.1	23.8	24.6	25.3	26.1
10.0%	16.5	19.4	22.2	25.1	27.9	10.0%	20.8	21.5	22.2	22.9	23.6
11.0%	14.9	17.5	20.2	22.8	25.5	11.0%	18.9	19.6	20.2	20.8	21.4
12.0%	13.5	16.0	18.4	20.9	23.4	12.0%	17.3	17.8	18.4	19.0	19.6

### Including royalties

WACC	Copper Price					WACC	Molybdenum Price				
	0.80	0.95	1.00	1.05	1.10		3.90	4.40	4.90	5.40	5.90
8.0%	18.2	21.6	25.0	28.3	31.7	8.0%	23.3	24.1	25.0	25.8	26.6
9.0%	16.2	19.3	22.4	25.5	28.6	9.0%	20.9	21.6	22.4	23.1	23.9
10.0%	14.5	17.3	20.2	23.0	25.9	10.0%	18.8	19.5	20.2	20.9	21.6
11.0%	13.0	15.7	18.3	21.0	23.6	11.0%	17.0	17.7	18.3	18.9	19.6
12.0%	11.7	14.2	16.7	19.1	21.6	12.0%	15.5	16.1	16.7	17.3	17.8

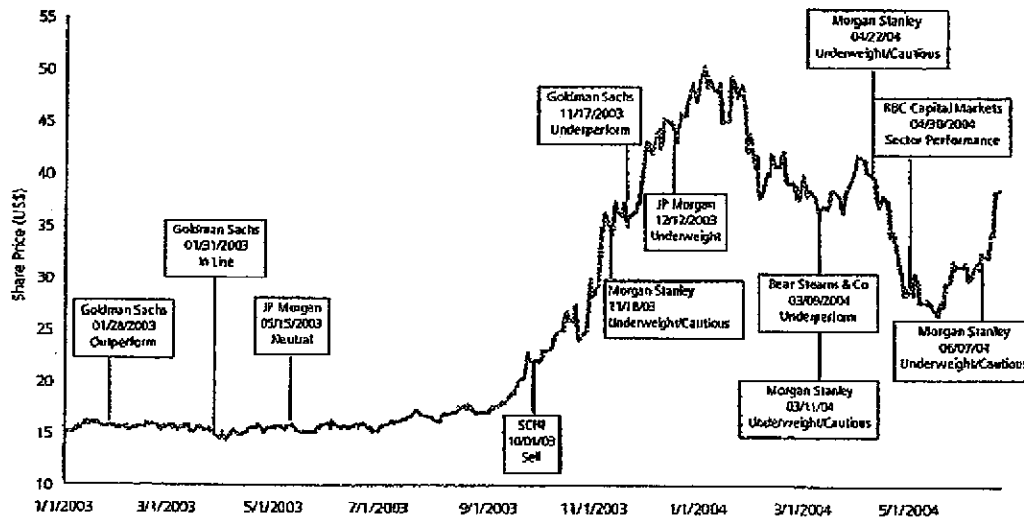
#### Notes:

- For all companies except Xstrata, cash flows from base metal operations are discounted at 8% real, while a 5% real discount rate is applied to precious metals. A nominal rate of 10% is applied to Xstrata's projections. 2003 YE balance sheet data used to calculate net debt and working capital
- Based on UBS Investment Research models using the following raw material real prices: Copper: US\$1.00/lb; Molybdenum: US\$6.00/lb in 2004 and US\$4.90/lb in 2005
- Management Case assumes the following raw material real prices: Copper: US\$1.00/lb; Molybdenum: US\$6.00/lb in 2004 and US\$4.90/lb thereafter
- Low Case assumes the following raw material real prices: Copper: US\$0.85/lb; Molybdenum: US\$2.50/lb
- Average Case assumes the following raw material real prices: Copper: US\$1.00/lb from 2004-2006 and US\$0.85/lb thereafter Molybdenum: US\$6.00/lb in 2004, US\$4.90/lb in 2005-2006 and US\$2.50/lb thereafter
- Assumes a 3% royalty on sales excluding cathode from purchased concentrate and sulfuric acid. Also assumes that royalty payments are not tax creditable or deductible and that TCRC is deductible for royalty calculation purposes. The effective royalty rate on sales (per management) is 2.1%

# Wall Street's View of SPCC

## Consensus "Sell" recommendation and US\$20 DCF-based price targets

### Share Performance Vs. Wall Street Recommendation Changes



Source: Wall Street Research, Bloomberg

SPCC is one of the companies listed in the US that has the highest proportion of "Sell" recommendations, according to the weekly broker survey published by First Call.

### Wall Street Research DCF Valuation

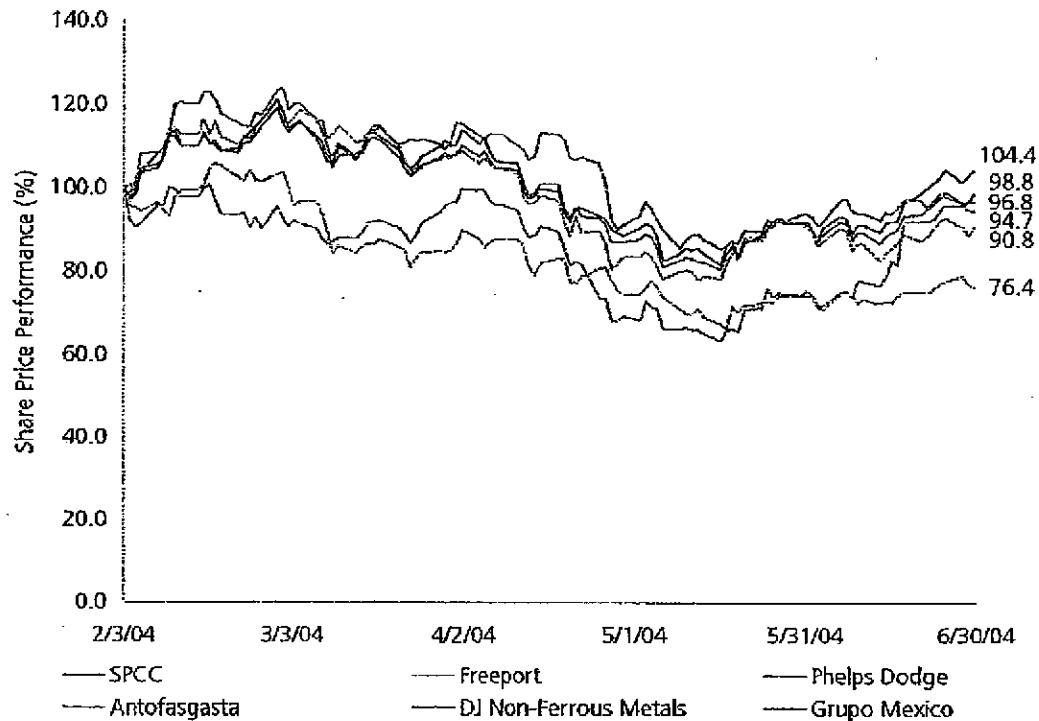
Broker	DCF/Share	Date
Santander Central Hispano Investments	US\$20.0	April 22, 2004
RBC Capital Markets	US\$21.6	April 30, 2004

These values are consistent with the results of SPCC model version 04P. Other banks set target prices based on multiples to peak earnings, recognizing that mining companies tend to trade at a premium to their inherent values at the top of the cycle.

## Share Price Evolution

**SPCC has been the second best performing copper producer since SPCC's Board of Directors Meeting of February 2004**

Relative Stock Price Performance



Source: FactSet as of June 30<sup>th</sup>, 2004

SECTION 5

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# Relative Contribution Analysis



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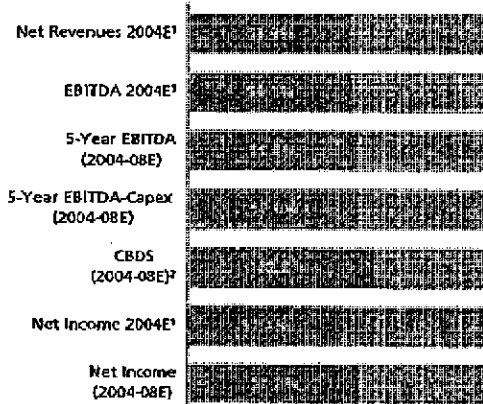
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# Contribution Analysis—Excluding Royalties

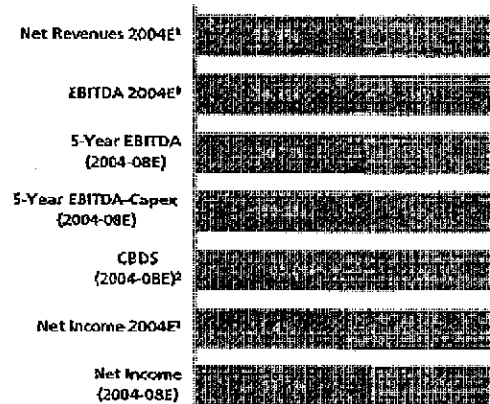
## Minera Mexico more than doubles SPCC's size and its relative contribution increases in low price scenarios

Minera Mexico represents 55-65% of the combined entity using a variety of metrics calculated under various price scenarios.

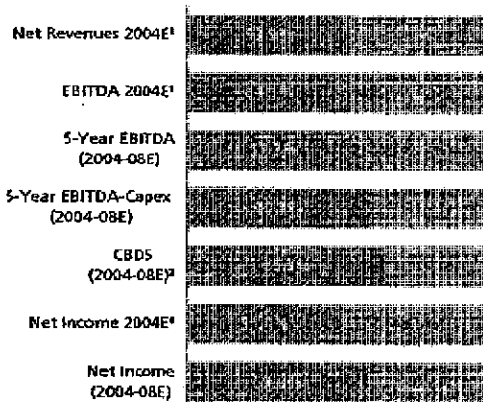
### Copper Price US\$ 1.25/lb



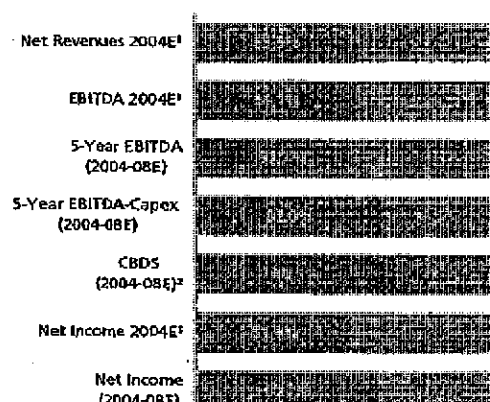
### Copper Price US\$ 1.00/lb



### Copper Price US\$ 0.90/lb



### Copper Price US\$ 0.85/lb



■ MM ■ SPCC

Note:

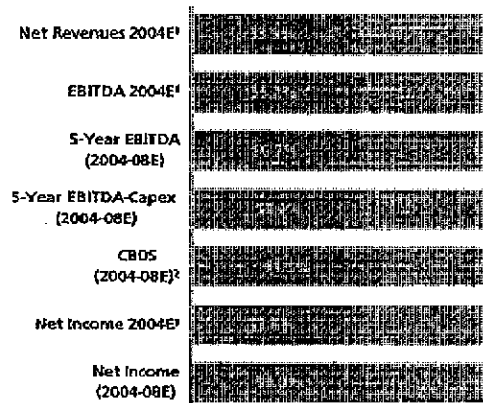
- 1 Data for 2004 assumes a copper price of US\$1.00/lb and US\$6.00/lb for molybdenum under the four cases presented
- 2 Cash flow before debt service



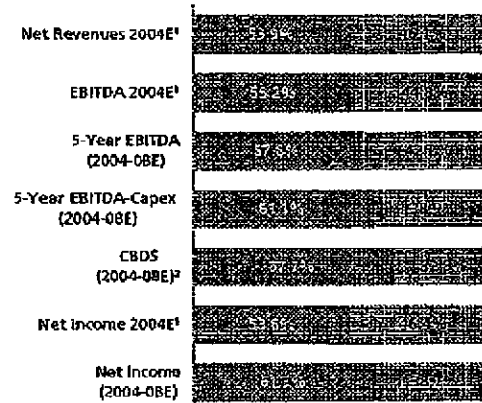
# Contribution Analysis—Including Royalties

The inclusion of the 3% royalty further enlarges Minera Mexico's relative contribution

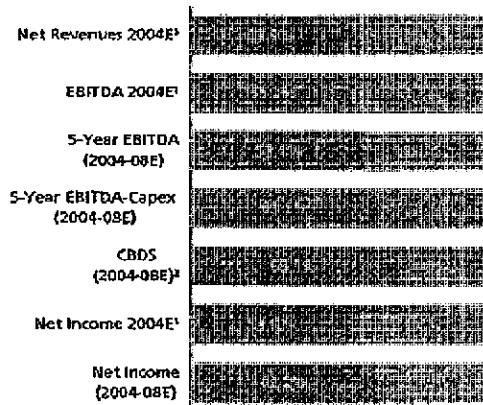
Copper Price US\$ 1.25/lb



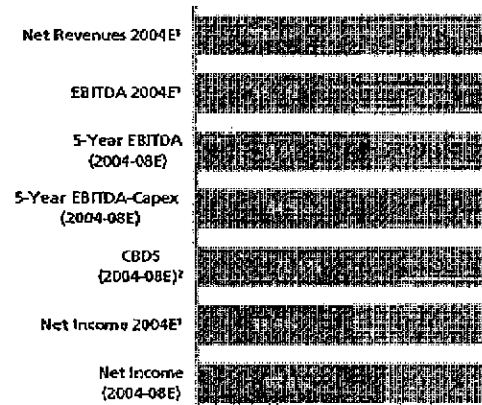
Copper Price US\$ 1.00/lb



Copper Price US\$ 0.90/lb



Copper Price US\$ 0.85/lb



MM SPCC

Note:

- 1 Data for 2004 assumes a copper price of US\$1.00/lb and US\$6.00/lb for molybdenum under the four cases presented
- 2 Cash flow before debt service

**From:** Fernandes, Ana <Ana.Fernandes@gs.com>  
**Sent:** Wednesday, August 25, 2004 9:35 PM (GMT)  
**To:** cruizs@prodigyweb.net.mx; gperezalonso@infosel.net.mx; hshandel@pritzkerorg.com; migpalomino@yahoo.com  
**Cc:** Charles.Nathan@lw.com; ffuentes@macf.com.mx; ptrad@macf.com.mx; John.Sorkin@lw.com; Werner, Martin <Martin.Werner@gs.com>; Sanchez, Martin <martin.sanchez@gs.com>; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>; Riva, Sofia <Sofia.Riva@gs.com>  
**Subject:** Pages for the call  
**Attach:** 05 Pages for Special Committee - August 25, 2004.doc

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Regards,

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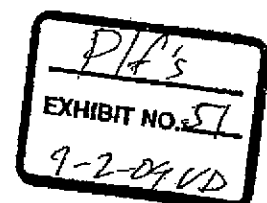
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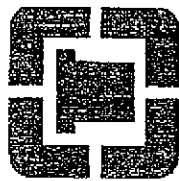


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## Discussion Materials Update



**SOUTHERN PERU**

Goldman, Sachs & Co.

August 25, 2004

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# Multiple Approach at Different EBITDA Scenarios Shares of SPCC to be Issued

EBITDA Scenarios	Implied SPCC EBITDA Multiple (12)	EBITDA (\$ mm)	SPCC Shares to be issued (mm)		
			100%	50%	0%
2004E					
"New" Budget (11)	4.9 x	\$703	64	50	57
1H Annualized Results					
Without Royalties Impact (4)	4.5 x	\$738	54	50	46
With Royalties Impact (6)	4.6 x	\$711	56	53	49
"Old" Budget (from GM)					
Without Royalties Impact (2)	5.6 x	\$585	59	56	52
With Royalties Impact (3)	5.8 x	\$562	62	59	55
2005E					
Research					
Without Royalties Impact (6)	5.0 x	\$664	61	57	53
With Royalties Impact (7)	5.1 x	\$638	64	60	56
A&S Case					
Without Royalties Impact (8)	6.0 x	\$552	65	62	58
With Royalties Impact (9)	6.2 x	\$532	69	65	61
Bear Stearns Report (8/6/04) (10)	4.7 x	\$705	61	57	54

Note: Assumes first debt of US\$1,105 mm for MM and US\$115 mm for SPCC as of September 30, 2004, as provided by USG.

- 1 US\$103mm related to tax benefits based on amount of NOLs outstanding and tax model provided by MM using a discount rate of 8.5% in real terms. Number of shares calculation includes saving of US\$17mm annual fee paid to Grupo México through the life of mine at MM.
- 2 As per Grupo México management budget for 2004, based on Grupo México presentation to investors as of June 2004. EBITDA adjusted for working participation based on management projections.
- 3 As per Grupo México management budget for 2004, based on Grupo México presentation to investors as of June 2004. EBITDA adjusted for working participation based on management projections.
- 4 EBITDA for SPCC adjusted by new royalty fees, assuming deduction of 2% of SPCC net sales as indicated by SPCC management.
- 5 As per Grupo México 2004 press release. Annualities in 2004 EBITDA figures.
- 6 As per Grupo México 2004 press release. Annualities in 2004 EBITDA figures. SPCC figure adjusted by new royalty fees, assuming deduction of 2% of SPCC net sales as indicated by SPCC management.
- 7 Average of Wall Street Research estimates for SPCC (includes JP Morgan, Bear Stearns and Morgan Stanley). For MM assumes average of research estimations using MM management model adjusted by A&S.
- 8 Average of Wall Street Research estimates for SPCC (includes JP Morgan, Bear Stearns and Morgan Stanley). For MM assumes average of research estimations using MM management model adjusted by A&S.
- 9 SPCC management. For MM assumes average of research estimations using MM management model adjusted by A&S.
- 10 As per MM and SPCC management models, adjusted by A&S.
- 11 As per Bear Stearns report published on August 6, 2004.
- 12 As provided by GM on August 14, 2004. US GAAP estimates.
- 13 Multiple based on SPCC share price of US\$11.20/share as of August 20, 2004.

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# Illustrative Analysis Based on Life of Mine Approach MM and SPCC

	Number of SPCC Shares to be Issued (mm)
Life of Mine Analysis as per July 8 <sup>th</sup> , 2004 Presentation <sup>1</sup>	62.8
--- Includes 100% of NOLs and Withholding Taxes (US\$920mm)	
--- Includes US\$80mm In Real Estate	
Net Debt Adjustments as per Term Sheet of August 20, 2004	
--- Net Debt for SPCC changed from US\$(13)mm to US\$(15)mm	+ 3.8
--- Net Debt for MM changed from US\$1,189mm to US\$1,105mm	
Exclusion of Real Estate and Withholding Taxes	
--- Excludes US\$80mm In Real Estate	- 4.5
--- Excludes US\$17mm in Withholding Taxes	
Potential Technical Adjustments to be Confirmed with A&S	
--- Adjustments to SPCC TC/RC and metal deduction	+ [ 4 ]
--- Extension of Cananea life of mine after adjusting for new reserve calculation at \$0.90 / lb of copper	
--- Extension of IMMUSA and Cananea life of mine to compensate for lower production levels	
Mintec Alternative 3 - Life of Mine for Cananea	?
Potential Number of Shares to be Issued Incorporating Changes	66.1
--- Includes 100% of NOLs	

<sup>1</sup> Mid-point of discount range of 9.5%. Assumes long-term copper price of \$0.48/lb and molybdenum of \$2.50/lb.

JX\_105

**From:** Riva, Sofia <Sofia.Riva@gs.com>  
**Sent:** Tuesday, September 14, 2004 6:28 PM (GMT)  
**To:** cruizs@prodigyweb.net.mx; gperezatonso@infosel.net.mx; hshandel@pritzkerorg.com; miggpalomino@yahoo.com  
**Cc:** Charles.Nathan@lw.com; Garza y Garza, Eugenio <eugenio.garzaygarza@gs.com>; Sanchez, Martin <martin.sanchez@gs.com>; Werner, Martin <Martin.Werner@gs.com>; Fernandes, Ana <Ana.Fernandes@gs.com>; ffuentes@macf.com.mx; ptrad@macf.com.mx; John.Sorkin@lw.com; Alicia.Clifford@lw.com  
**Subject:** Committee Meeting Materials  
**Attach:** 10 Meeting with Special Committee - September 15, 2004.pdf

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Regards,

The GS Team

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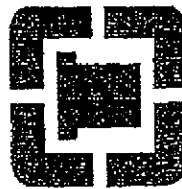
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Presentation Materials for the Special Committee of



**SOUTHERN PERU**

Goldman, Sachs & Co.

September 15<sup>th</sup>, 2004

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## Table of Contents

Goldman  
Sachs

- I. Proposal Update
- II. Public Market Update
- III. SPCC and MM Recent Financial Performance
- IV. Update on Multiple and Life of Mine Analysis
- Appendix A: Support Material

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## I. Proposal Update

Proposal Update 3



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## Summary of Main Terms of Proposal and Possible Responses

Term	Grupo México Offer	Possible Response
■ 1. Price	■ 67mm shares	<ul style="list-style-type: none"> <li>■ Life of mine approach</li> <li>■ Similar multiple approach</li> <li>■ Cancellation of annual management fee (US\$7mm)</li> </ul>
■ 2. Price Protection	■ None	<ul style="list-style-type: none"> <li>■ Self tender</li> <li>■ Walk-away</li> <li>■ Contingent value right</li> </ul>
■ 3. Price Adjustments	■ None	<ul style="list-style-type: none"> <li>■ Excess in net debt for Minera México ("MM") as of September 30, 2004 over estimated net debt as of same date of US\$1,105mm</li> </ul>
■ 4. Other (legal, governance and contractual)		<ul style="list-style-type: none"> <li>■ Latham to discuss</li> </ul>

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## Preliminary Analysis of Financial Aspects of Term Sheet

(US\$ in millions, except per share data)

GM Proposal at Different SPCC Share Prices				
	8-Sep-2004	17-May-2004	4-Feb-2004	3-Feb-2004
SPCC PUBLIC MARKET VALUATION				
SPCC Share Price	\$46.10	\$26.53	\$38.01	\$41.40
SPCC Number of Shares Outstanding (mm)	60	60	60	60
SPCC Implied Market Capitalization	\$2,886	\$2,123	\$3,041	\$3,313
Net Debt (1)	(315)	(315)	(315)	(315)
SPCC Implied Enterprise Value	\$2,571	\$2,108	\$2,726	\$2,998
MMA Valuation as Proposed on Turn Sheet				
Number of Shares of SPCC (mm)	61	67	67	67
Implied Implied Equity Value	\$2,889	\$1,778	\$2,647	\$2,774
Net Debt (1)	\$1,105	\$1,105	\$1,105	\$1,105
MMA Implied Enterprise Value (1)	\$1,784	\$2,383	\$1,542	\$1,669
Current Economic Ownership of Grupo Mexico in SPCC				
Pre-Private Offering of Grupo Mexico in SPCC	54.1%	54.1%	54.1%	54.1%
Multiple Analysis				
Implied SPCC 2004 Forecast EBITDA Trading Multiple (x)	10.0	10.0	10.0	10.0
Implied MMA 2004 Forecast EBITDA Trading Multiple (x)	10.0	10.0	10.0	10.0
Implied SPCC 2006 AAA EBITDA Trading Multiple (x)	10.0	10.0	10.0	10.0
Implied MMA 2006 AAA EBITDA Trading Multiple (x)	10.0	10.0	10.0	10.0
Implied SPCC 2008 Management EBITDA Trading Multiple (x)	10.0	10.0	10.0	10.0
Implied MMA 2008 Management EBITDA Trading Multiple (x)	10.0	10.0	10.0	10.0
Copper Price (US\$/lb)	1.25	1.25	1.17	1.16
Implied Price per Lb. of SPCC Reserves (US/mm lbs)	\$3,112	\$3,112	\$3,112	\$3,112
Implied Price per Lb. of MMA Reserves (US/mm lbs)	\$3,112	\$3,112	\$3,112	\$3,112
Implied Price per Lb. of SPCC 2006 Capital Expenditure (US/mm lbs)	\$3,112	\$3,112	\$3,112	\$3,112
Implied Price per Lb. of MMA 2006 Capital Expenditure (US/mm lbs)	\$3,112	\$3,112	\$3,112	\$3,112

<sup>1</sup>Source: Company information and ProStat.  
<sup>2</sup>Water that, if not treated, is not suitable for drinking.

As per *Yan Shi* - Aug 20, 2024, expected for 2024, expected for 2024.

1990s. The 1990s saw a significant increase in the number of people who were employed in the service sector, which was a result of the growth of the economy and the increasing demand for services. This was also a period of significant technological advancement, which led to the development of new products and services. The 1990s were also a time of significant social and cultural change, with the emergence of new movements and the increasing influence of the media. The 1990s were a time of great change and growth, and it was a period that shaped the world as we know it today.

As per SPCC manual persons presently from May 21, 2004. Confirmed copies are provided by SPCC.

Approved by Wild Management for 2000. Includes B&HSA employee networks. Contained copies are provided by MM.

GLSQA estimates per MID and SPIC management models, as modified by A&S.

GPDA estimates as per MW and SpC mandated cement models, assuming spot price of US\$1.71/b and millage rate of 0.833%.

Copper reserves and production have been adjusted to include RDM SA. Copper production has been reduced by 0.02% per kilogram basis to 1994. The value of US\$1000 is 1.00 US\$.

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Circumstance	Percentage of Respondents (%)
If someone is attacking you	85
If someone is threatening you	75
If someone is harassing you	65
If someone is insulting you	55
If someone is annoying you	45

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# Analysis of Financial Aspects of the Term Sheet

## Fixed Exchange Ratio Analysis

2003 EBITDA Estimate Based on A&S Life of Mine (3)

Fixed Exchange Formula				
SPCC Shares	Implied MM Equity Value	SPCC EBITDA Multiple	MM EBITDA Multiple (1)	
67	\$ 1,675	3.4 x	4.1 x	
67	\$ 2,010	4.1 x	4.6 x	
67	\$ 2,345	4.7 x	5.2 x	
67	\$ 2,680	5.4 x	5.7 x	
67	\$ 3,015	6.3 x	6.4 x	
67	\$ 3,350	6.8 x	6.8 x	
67	\$ 3,685	7.5 x	7.3 x	
67	\$ 4,020	8.1 x	7.8 x	

SPCC Share Price (US\$)

2005 EBITDA Estimate Based on Management Life of Mine (2)

Fixed Exchange Formula				
SPCC Shares	Implied MM Equity Value	SPCC EBITDA Multiple	MM EBITDA Multiple (1)	
67	\$ 1,675	3.4 x	3.8 x	
67	\$ 2,010	4.1 x	4.3 x	
67	\$ 2,345	4.7 x	4.6 x	
67	\$ 2,680	5.4 x	5.3 x	
67	\$ 3,015	6.3 x	5.9 x	
67	\$ 3,350	6.8 x	6.3 x	
67	\$ 3,685	7.5 x	6.8 x	
67	\$ 4,020	8.1 x	7.2 x	

SPCC Share Price (US\$)

1 MM multiple calculated using the Implied MM Equity Value, estimated net debt of US\$1,105mm as of September 2004 and the corresponding EBITDA value for each case. Multiple adjusted for US\$200mm in present value of fiscal benefits for MM and US\$7mm GM management fees in synergies as provided by A&S. SPCC EBITDA multiple uses net debt of US\$715mm as of September 30, 2004.  
2 EBITDA as per MM and SPCC management models. SPCC EBITDA of US\$167mm and MM EBITDA of US\$172mm (adjusted for PTU in accordance with MM management model).  
3 EBITDA as per A&S and SPCC management models adjusted by A&S. SPCC EBITDA of US\$167mm and MM EBITDA of US\$172mm (adjusted for PTU).

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Analysis of Financial Aspects of the Term Sheet  
Fixed Exchange Ratio Analysis  
(continued)



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2004 EBITDA Estimate Based on Forecast Supplied by Management (3)						
Fixed Exchange Formula						
SPCC Share Price (US\$)	Number of SPCC Shares	Implied MM Equity Value	SPCC EBITDA		MM EBITDA	
			Multiple	Multiple (1)		
\$25.0	67	\$ 1,675	2.7 x	3.8 x		
\$30.0	67	\$ 2,010	3.3 x	4.3 x		
\$35.0	67	\$ 2,345	3.8 x	4.8 x		
\$40.0	67	\$ 2,680	4.3 x	5.2 x		
\$45.1	67	\$ 3,089	5.0 x	5.8 x		
\$50.0	67	\$ 3,350	5.4 x	6.2 x		
\$55.0	67	\$ 3,685	6.0 x	6.7 x		
\$60.0	67	\$ 4,020	6.5 x	7.2 x		
2004 EBITDA Estimate Based on 2004 1H Annualized Results (2)						
Fixed Exchange Formula						
SPCC Share Price (US\$)	Number of SPCC Shares	Implied MM Equity Value	SPCC EBITDA		MM EBITDA	
			Multiple	Multiple (1)		
\$25.0	67	\$ 1,675	2.7 x	4.1 x		
\$30.0	67	\$ 2,010	3.2 x	4.6 x		
\$35.0	67	\$ 2,345	3.8 x	5.2 x		
\$40.0	67	\$ 2,680	4.3 x	5.7 x		
\$45.1	67	\$ 3,089	5.0 x	6.3 x		
\$50.0	67	\$ 3,350	5.4 x	6.7 x		
\$55.0	67	\$ 3,685	5.8 x	7.3 x		
\$60.0	67	\$ 4,020	6.5 x	7.8 x		

<sup>1</sup> MM multiple calculated using the Implied MM Equity Value, net debt of US\$1,166mm as of September 30, 2004 and the corresponding EBITDA value for each case. Multiple adjusted for US\$200mm in present value of capital leases for MM and US\$200mm GM management fees in 8/04 multiples as provided by GM. SPCC EBITDA multiple uses net debt of US\$1,166mm as of September 30, 2004.  
<sup>2</sup> 1H annualized results for SPCC on US\$173mm and for MM US\$173mm (adjusted for PTU).  
<sup>3</sup> EBITDA for MM and SPCC as per GM management forecast. SPCC EBITDA of US\$173mm and MM EBITDA of US\$173mm (MM adjusted for PTU).

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# Overview of Potential Price Protection Mechanisms

Mechanism	Description	Advantages	Considerations
SPCC Self Tender	<ul style="list-style-type: none"> <li>At announcement of SPCC / MM merger, SPCC also announces to launch a tender offer to repurchase approximately US\$100-150 million of its own shares immediately after the merger closes</li> <li>Tender price fixed at a price no lower than SPCC share price at announcement</li> <li>Number of shares fixed at announcement</li> </ul>	<ul style="list-style-type: none"> <li>Sends strong signal to the market that Grupo Mexico believes this deal enhances the value of SPCC</li> <li>Provides an "exit" in cash for shareholders in the float who may not like the deal (considering float is currently around \$350 million excluding Peruvian pension funds)</li> <li>Self-tender is accretive to SPCC</li> </ul>	<ul style="list-style-type: none"> <li>Potentially triggers NYSE delisting and 13e-3f "Going-Private" disclosure requirements</li> <li>Could send opposite signal of intention of creating a larger float at SPCC</li> <li>Does not provide 100% protection if the market does not like the deal</li> <li>May be perceived as "defensive"</li> </ul>
Walk-Away Rights	<ul style="list-style-type: none"> <li>Special Committee of Grupo Mexico have a right to terminate the Merger Agreement in the event that the SPCC share price (may or may not be adjusted for market and/or copper price behavior) moves outside a pre-determined range between announcement and closing</li> </ul>	<ul style="list-style-type: none"> <li>Allows the market to opt-in on the deal</li> <li>Provides protection below walk-away price if the market does not like the deal</li> </ul>	<ul style="list-style-type: none"> <li>SPCC volatility driven by low liquidity levels</li> <li>Market and/or copper price movements might have an impact of SPCC share price movement that have nothing to do with proposed transaction. Low historical correlation makes it hard to index SPCC share price</li> </ul>
Contingent Value Rights	<ul style="list-style-type: none"> <li>At closing of the SPCC / MM merger, SPCC shareholders (other than Grupo Mexico and Potentially PD and Phizkers) are issued a security (with recourse to either SPCC or Grupo Mexico) that provides for a specified cash payout in the event that the SPCC share price (adjusted or not) stays below a certain level for a number of days within 12-18 months after the closing of the merger</li> <li>Rights are transferable and may be listed on a recognized exchange</li> </ul>	<ul style="list-style-type: none"> <li>Sends strong signal to the market that Grupo Mexico believes this deal enhances the value of SPCC</li> <li>Provides contingent monetary downside protection to SPCC minorities</li> <li>Provides minorities the option to monetize their downside protection if they so desire</li> </ul>	<ul style="list-style-type: none"> <li>Complex to explain and execute</li> <li>Registering the securities might extend time between signing and closing</li> <li>Does not provide 100% protection if the market does not like the deal</li> </ul>

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## II. Public Market Update

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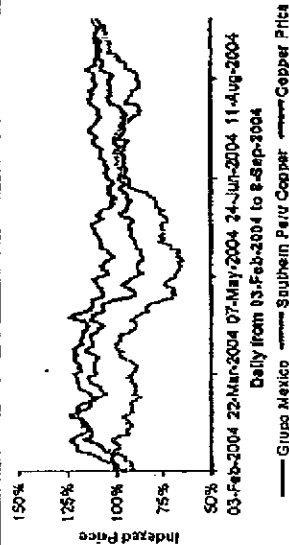
# SPCC vs. Grupo México Recent Stock Performance

As of September 8<sup>th</sup>, 2004

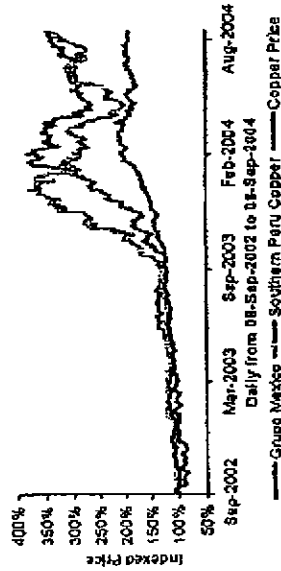
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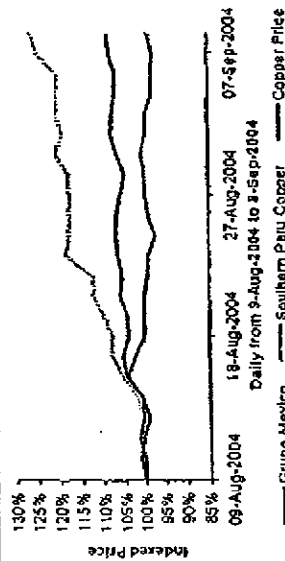
Since February 3, 2004



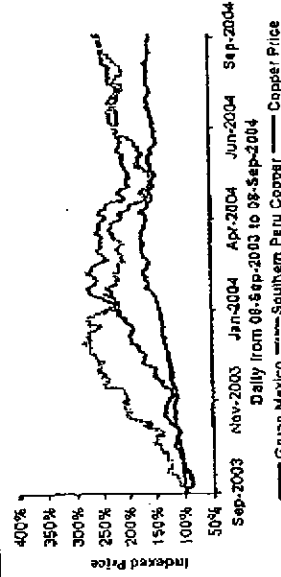
2 Years



1 Month



1 Year



Note: All prices in USD  
Source: Factset



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# Copper Players Stock Market Performance

As of September 8<sup>th</sup>, 2004

Company	Stock Price Performance			
	2 Years	1 Year	3-Feb-2004	1-month
SPCC	245.6%	160.5%	11.4%	26.3%
Grupo Mexico	248.4%	152.4%	12.3%	8.5%
Antofagasta	111.7%	28.7%	(16.7)%	2.2%
Freeport McMoRan	149.5%	21.7%	2.5%	16.6%
Phelps Dodge	185.7%	70.9%	12.9%	14.1%
Mean	188.4%	86.8%	4.5%	13.5%
Median	185.7%	70.9%	11.4%	14.1%
Copper Prices	92.2%	33.7%	9.7%	11.7%

Source: FactSet and Delistham.  
Notes: Prices in USD using daily ex-rate.

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## Common Stock Comparison

**As of September 8<sup>th</sup>, 2004**

(US\$ in millions, except per share data)

Company	Closing Price 08/08/04	% of 52 Week High	Equity Market Cap (\$)	Enterprise Value Multiples (2)										EBIT		LTM Machine (1)	
				Enterprise Value (\$)		Sales		EBITDA		LTM	2005	LTM	EBIT	LTM	EBITDA	EBIT	
				LTM	2004	LTM	2004	LTM	2004								
Antaresia	\$ 18.00	80 %	\$ 2,650	\$ 4,370	3.1 x	NA	NA	5.4 x	4.3	5.2	6.5 x	57.8 %	477 %				
Freestrom	37.40	81	7,679	9,681	5.0	4.2	2.8	14.8	11.8	5.1	19.9	33.7	25.3				
Phelps Dodge	53.75	93	8,014	9,283	1.7	1.4	1.4	7.0	4.5	4.3	10.8	24.3	15.8				
Southern Peru Copper (3)	46.10	85	3,893	3,884	3.3	2.8	NA	6.7	5.0	5.2	7.7	49.0	42.3				
Grupo Mexico (4)	3.64	96	3,148	7,106	2.2	1.0	2.0	5.6	4.5	5.5	7.1	39.2	50.8				
High	98.16		\$ 8,014	\$ 9,855	1.5 x	1.3	2.9	16.5	13.1	12.1	19.9	37.8	27.6				
Mean	87 %		\$ 5,240	\$ 6,621	1.3 x	1.0	2.0	9.7	6.9	7.0	10.4	20.5	15.3				
Median	87 %		\$ 2,653	\$ 2,708	1.3 x	1.4	2.0	6.7	4.5	5.2	7.1	36.2	30.8				
Low	81 %		\$ 3,148	\$ 3,884	1.7 x	1.4	1.4	5.4	4.0	4.3	6.5	24.3	15.8				

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## Equity Research Analysts' Views

### Grupo México and SPCC - Target Prices

#### SPCC

Broker	GS	Bear Stearns	JP Morgan	Morgan Stanley	Centura
Analyst	Alberto Arias	Daniel Altman	Wilfredo Ortiz	Andres Perez	Luis Bravo
Date	26-Aug-2004	6-Aug-2004	23-Jul-2004	23-Jul-2004	27-Jul-2004
Recommendation	NA	Underperform	Underweight	Underweight	Sell
Target Price	NA	36.0	NA	NA	35.8
Potential Upside (1)	NA	(21.9)%	NA	NA	(22.3)%
Price at the Time of Publication	42.6	37.8	38.9	38.9	36.4

#### Grupo Mexico

Broker	Citigroup	Bear Stearns	GS	JP Morgan	Morgan Stanley
Analyst	Rafael Urquia	Daniel Altman	Alberto Arias	Wilfredo Ortiz	Andres Perez
Date	26-Aug-2004	6-Aug-2004	29-Jul-2004	28-Jul-2004	28-Jul-2004
Recommendation	Sell	Outperform	NA	Overweight	Equal-Weight
Target Price	2.6	4.8	NA	NA	NA
Potential Upside (1)	(29.7)%	30.5%	NA	NA	NA
Price at the Time of Publication	3.1	3.4	3.2	3.2	3.2

(1) Upside as of current price of September 8, 2004. SPCC \$46.1 and Grupo Mexico \$3.84.

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### III. SPCC and MM Recent Financial Performance

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# MM and SPCC Recent Financial Performance

## 2Q 2004 Results and Forecasts

### Minera México

	1Q 2004	2Q 2004	1Q + 2Q 2004	Half-year Annualized 2004	2004 Forecast as per GM	% Change
Copper Production (kmt)	85.2	83.9	169	338	339	(0.3)%
Net Revenues (US\$ mm)	\$328	\$333	\$662	\$1,323	\$1,366	(3.1)%
EBITDA (US\$ mm)	\$167	\$171	\$338	\$676	\$740	(8.7)%
EBITDA Margin	50.8%	51.3%	51.1%	51.1%	54.1%	(5.7)%
Avg. Copper Price (US\$/lb)	1.23	1.23	1.23	1.23	1.25	(1.6)%
Capex (US\$ mm)	\$29	\$25	\$54	\$107	\$103	3.8%
Net Debt	\$1,326	\$1,219	\$1,219	NA	NA	NA

### SPCC

	1Q 2004	2Q 2004	1Q + 2Q 2004	Half-year Annualized 2004	2004 Forecast as per GM	% Change
Copper Production (kmt)	94.8	98.9	193.7	387.5	380.7	1.8%
Net Revenues (US\$ mm)	\$274	\$389	\$663	\$1,326	\$1,277	3.8%
EBITDA (US\$ mm)	\$159	\$210	\$369	\$738	\$733	0.7%
EBITDA Margin	57.9%	54.0%	55.7%	55.7%	57.4%	(3.0)%
Avg. Copper Price (US\$/lb)	1.23	1.23	1.23	1.23	1.25	(1.6)%
Capex (US\$ mm)	\$40	\$28	\$68	\$136	\$268	(48.6)%
Net Debt	\$82	-\$29	-\$29	NA	NA	NA

Source: Press releases and G&M guidance. 2004 Forecast supplied by GM management on September 2004. 2004 EBITDA from Forecast and Annualized for MM not adjusted for PTU. Assumes copper price of US\$1.25/lb and realization of US\$1.00/lb in average for 2004.

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#### **IV. Update on Multiple and Life of Mine Analysis**

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## Discussion of MM and SPCC Life of Mine Plans

Key Modifications Suggested by A&S After Additional Discussions with MM, Mintec & Winters

### Change in Mining Plan

SPCC	<ul style="list-style-type: none"> <li>■ Adjustment in TC/RC and content deduction to be consistent with MM projections                             <ul style="list-style-type: none"> <li>— 10 content deduction of 1.1%</li> <li>— TC/RC of US\$70K and US\$0.07/lb respectively</li> </ul> </li> </ul>
MM - IMMSA	<ul style="list-style-type: none"> <li>■ Expansion of mining years in San Martin, Santa Barbara and Taxco to use up 100% of existing reserves                             <ul style="list-style-type: none"> <li>— Before A&amp;S had cut production by approximately 10% in these mines</li> </ul> </li> <li>■ Operations in Santa Eulalia become effective                             <ul style="list-style-type: none"> <li>— Before A&amp;S assumed Santa Eulalia would not come into operation since the mine was closed in the beginning of 2004</li> </ul> </li> </ul>
MM - Cardiac	<ul style="list-style-type: none"> <li>■ Original mining plans are based on Winters studies that value copper reserves at 35 cents and mining finishes in 2031                             <ul style="list-style-type: none"> <li>■ Mining plans from 2032 to 2046 are based on MM's own studies</li> <li>■ New plan values copper at 90 cents / lb and reduces molybdenum to US\$ 3.5 / lb, vs. original US\$4.8/lb, shortening GM life of mine projections for Cardiac from 2063 to 2048</li> <li>■ A&amp;S did not give any credit to the mining plan starting in 2032, since there are no proper mining studies</li> </ul> </li> </ul>
MM - Cananea	<ul style="list-style-type: none"> <li>■ Alternative 3 developed by Mintec considers an expansion of 20K tons / day in the capacity of the concentrator and the construction of 1 new SX-EW plant                             <ul style="list-style-type: none"> <li>— Alternative 2 did not consider expansion of the concentrator and planned for 2 new SX-EW plants</li> </ul> </li> <li>■ A&amp;S did adjustments to tonnage through the concentrator (reduced by 10%) and adjustments to capex due to the low level of engineering                             <ul style="list-style-type: none"> <li>— A&amp;S had also adjusted the tonnage in Alternative 2 since the Cananea has never been able to operate at full capacity</li> </ul> </li> <li>■ A&amp;S included closure costs in the amount of approximately US\$2mm per year for 15 years</li> <li>■ MM considers that after 2053 the smelter in Cardiac continues in operation through 2068 (as in the previous model) and the company purchases all the concentrates needed to operate at full capacity since both major mines have closed at that point in time                             <ul style="list-style-type: none"> <li>— A&amp;S assumes that the smelter closes in 2053 when the mines close</li> </ul> </li> </ul>

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## Additional Financial Adjustments As per Recent Discussions with UBS and MM

Present Value of NOLs <sup>1</sup>	Additional Financial Adjustments (US\$mm)	
	Previous Analysis	Current Analysis
1. Present Value of NOLs Used	274	162
2. Present Value of Asset Tax Recovered	31	20
3. Present Value of Withholding Savings	17	18
<b>TOTAL</b>	<b>322</b>	<b>300</b>

Debt Level ■ Expected net debt level as provided by GM for September 30, 2004:

- MM: US\$1,106mm
- SPPC: US\$(15)mm

Real Estate

- Present value from sale of non-operating real estate assets of US\$60mm is not included in the analysis. If non-operating real estate assets are sold, cash proceeds to be distributed to GM.<sup>2</sup>
- Cash for the real estate that has been sold over the last 4 months (approximately US\$70mm) is already included in net debt

<sup>1</sup> Present value of NOLs are based on tax model supplied by MM Management, using a discount rate of 4.5%.  
<sup>2</sup> Original present value from the sale of non-operating real estate assets of US\$150mm as provided by MM Management, adjusted for sale of Calhoun and Monticello for US\$10mm and US\$25mm. Assumes remaining real estate is sold during a 2 yr period (15% per year) and cash flows are discounted using a 10.5% nominal discount rate. Assumes present value of US\$60mm in net debt as per information provided by UBS. Assumes no shares of SPPC issued for the non-operating real estate assets.



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## Illustrative Change in Number of Shares

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### Number of SPCC Shares to be Issued (mm)

Life of Mine Analysis as per July 8 <sup>th</sup> , 2004 Presentation <sup>1</sup>	62.8
--- Includes 100% of Present Value of NOLs and Present Value of Withholding Taxes (US\$322mm) <sup>2</sup> (tax benefits)	
--- Includes Present Value of US\$80mm in Real Estate <sup>3</sup>	+ 3.8
Net Debt Adjustments as per Term Sheet of August 20, 2004 <sup>4</sup>	
--- Net Debt for SPCC changed from US\$131mm to US\$115mm	
--- Net Debt for MM changed from US\$1,189mm to US\$1,103mm	- 9.2
Exclusion of Real Estate and Withholding Taxes	
--- Excludes Present Value of US\$80mm in Real Estate <sup>3</sup>	
--- Considers US\$200mm in Present Value of NOLs, Present Value of Asset Tax Recovered <sup>5</sup> , and Present Value of Withholding Taxes <sup>6</sup> (tax benefits)	+ 10.7
Additional Technical Adjustments as per A65	
--- Adjustments to SPCC TC/RC and metal deduction	
--- Extension of IMMSA and Cananea life of mine to compensate for lower production levels	
--- Mintec Alternative 3 - Life of Mine for Cananea	68.1
Potential number of shares to be issued incorporating changes and assuming 100% of tax benefits	
Potential Number of Shares to be Issued Incorporating Changes	
--- Assuming SPCC Discount Rate 8.5% Higher than MM	68.1
--- Assuming SPCC Discount Rate 100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 1900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 2900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 3900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 4900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 5900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 6900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 7900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 8900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9000bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9100bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9200bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9300bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9400bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9500bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9600bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9700bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9800bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 9900bps Higher than MM	68.1
--- Assuming SPCC Discount Rate 10000bps Higher than MM	68.1

<sup>1</sup> Mid-point of MM discount rate range of 8.5% and of SPCC of 9.0%. Assumes long-term copper price of \$0.90/lb and mid-point of \$1.50/lb.

<sup>2</sup> As per schedule provided by MM management.

<sup>3</sup> Original value from the sale of non-operating real estate assets of US\$150mm as provided by MM management, adjusted for sale of Chihuahua and Monterrey for US\$131mm and US\$125mm. Assumes remaining real estate is sold during a 3 yr period (1/3 per year) and cash flows are discounted using a 10.5% nominal discount rate.

<sup>4</sup> Estimated net debt as of September 30, 2004, as provided by US\$ financial statements to CM.

<sup>5</sup> Assumes US\$150mm of present value from sale of non-operating real estate assets as per information provided by US\$. Assumes no shares of SPCC issued for the non-operating real estate assets.

<sup>6</sup> As per revised schedule provided by MM management incorporating Alternative 3.

<sup>7</sup> Related to withholding taxes on MM debt synergy.

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# Preliminary Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM (Shares in Millions)

## Key Assumption

- Including Impact of Royalties for SPCC (2% of net sales)<sup>1</sup>
- Including 100% of Present Value of Tax Benefits for MM (US\$200mm)<sup>2</sup>
- Excluding Impact of Present Value of Real Estate for MM (US\$80mm)

Assuming SPCC Discount Rate 8.0 b.p. Higher than MM

Discount Rate	Long Term Copper Price - US\$/lb (Molybdenum at \$3.60/lb)				
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	53.9	60.8	64.2	67.2	68.5
9.0 %	59.2	66.7	69.0	71.3	71.3
8.5 %	60.5	64.5	66.1	70.8	73.0
8.0 %	62.7	66.5	70.0	72.6	74.7
7.5 %	64.6	68.8	71.9	74.3	76.4

Assuming SPCC Discount Rate 100 b.p. Higher than MM

Discount Rate	Long Term Copper Price - US\$/lb (Molybdenum at \$3.60/lb)				
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	58.3	63.2	67.0	70.1	72.7
9.0 %	60.8	65.5	69.1	72.1	74.5
8.5 %	63.2	67.7	71.3	74.1	76.4
8.0 %	65.7	70.0	73.4	76.1	78.3
7.5 %	69.1	72.2	75.5	78.1	80.2

Assuming SPCC Discount Rate 150 b.p. Higher than MM

Discount Rate	Long Term Copper Price - US\$/lb (Molybdenum at \$3.60/lb)				
	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	60.8	65.6	69.6	73.1	75.8
9.0 %	63.3	68.3	72.1	75.3	77.8
8.5 %	66.0	70.8	74.5	77.5	79.9
8.0 %	68.7	73.2	76.8	79.7	82.0
7.5 %	71.3	75.7	79.1	81.9	84.1

Note: Assumes transaction closes on September 30, 2004. DCF uses mid-year convention and equates 1st year cash flows accordingly. Both cases incorporate figures for 2004 as per GM forecast (using copper price of US\$1.25/lb). SPCC net cash of US\$1.25m as of September 30, 2004 includes minority interest at book value and net debt of US\$1.05 mm for MM (September 30, 2004). Includes minority interest at book value. Assumes current Grupo Mexico earnings in A&S of 98.8% and SPCC of 54.3%. For MM real discount rate used of 7.5% to 9.5%. Sensitivity to discount rates based on difference in spreads between the 10yr UST and Mexican bond for various time periods.

<sup>1</sup> SPCC EBITDA adjusted by new royalty levels, assuming depletion of 1% of SPCC net sales as indicated by SPCC management.

<sup>2</sup> Present value of US\$200mm retained for tax benefits based on amount of tax benefits outstanding and tax model provided by MM, assuming 4.5% discount rate.

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# Preliminary Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM (Shares in Millions)

## Key Assumption

- Including Impact of Royalties for SPCC (2% of net sales)<sup>1</sup>
- Including 50% of Present Value of Tax Benefits for MM (US\$100mm)<sup>2</sup>
- Excluding Impact of Present Value of Real Estate for MM (US\$60mm)

Assuming SPCC Discount Rate 50 b.p. Higher than MM  
Long Term Copper Price - US\$100 (Hollydenum at \$3.6/b)

Discount Rate	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	49.5	54.9	59.2	62.8	65.5
9.0 %	52.1	57.3	61.4	64.7	67.4
8.5 %	54.6	59.8	63.5	66.7	69.2
8.0 %	57.1	61.8	65.6	68.8	71.1
7.5 %	59.6	64.1	67.7	70.8	72.9

Assuming SPCC Discount Rate 100 b.p. Higher than MM  
Long Term Copper Price - US\$100 (Hollydenum at \$3.6/b)

Discount Rate	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	51.8	57.3	61.4	65.4	68.4
9.0 %	54.4	59.8	64.1	67.8	70.4
8.5 %	57.1	62.4	66.5	69.8	72.5
8.0 %	59.8	64.9	68.8	72.0	74.8
7.5 %	62.5	67.3	71.1	74.1	76.8

Assuming SPCC Discount Rate 150 b.p. Higher than MM  
Long Term Copper Price - US\$100 (Hollydenum at \$3.6/b)

Discount Rate	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	53.7	59.7	64.4	68.2	71.3
9.0 %	56.7	62.4	66.9	70.5	73.5
8.5 %	59.6	65.1	69.5	72.9	75.8
8.0 %	62.5	67.8	72.0	75.3	78.1
7.5 %	65.4	70.5	74.5	77.7	80.3

Note: Assumes transaction closes on September 30, 2004. DCF uses mid-year compounding and adjusts for year-end cash flows accordingly. Both cases incorporate royalty for 2004 per G&S forecast (using copper price of US\$1.28/b). SPCC net cash of US\$15mm as of September 30, 2004 (includes minority interest in MM of US\$1.105 mm for MM (September 30, 2004), includes minority interest in MM of US\$1.105 mm for MM (September 30, 2004). Assumes current Grupo Minero ownership in MM of 99.94% and in SPCC of 54.2%. For MM net discount rate used of 7.5% to 9.5%. Sensitivity to discount rates based on difference in spread between the 10yr US7 and Peruvian and Mexican bonds for various time periods.

<sup>1</sup> SPCC EBITDA adjusted by new royalty rates, assuming deduction of 2% of SPCC net sales as collected by SPCC management.

<sup>2</sup> Present value of US\$100mm reflects tax benefits based on amount of tax benefits outstanding and far model provided by MM, assuming 8.5% discount rate.

**Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM**  
**(Shares in Millions)**

### Key Assumption

- Including Impact of Royalties for SPCC (2% of net sales)<sup>1</sup>
- Including 0% of Present Value of Benefits for MM<sup>2</sup>
- Excluding Impact of Present Value of Real Estate for MM (US\$80mm)

Assuming SPQC Discount Rate 60 b.p. Higher than MM				
	Long Term Copper Price - US\$/lb (Mo/Dollars at 11.5/b)			
	\$0.80	\$0.85	\$0.90	\$1.00
9.5 %	43.1	49.3	54.2	59.1
9.0 %	45.9	51.9	56.8	60.3
8.5 %	48.7	54.5	58.9	62.5
8.0 %	51.5	57.0	61.3	64.7
7.5 %	54.2	59.5	63.6	66.8
				69.5

Discount Rate	Long Term Copper Price - US\$ (B Molybdenum at \$3.50/b)	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00
9.5 %	46.9	51.4	56.5	60.7	64.0	
9.0 %	48.0	54.2	59.1	63.1	66.3	
8.5 %	49.2	57.0	61.7	65.4	68.5	
8.0 %	50.4	59.7	64.2	67.8	70.8	
7.5 %	51.6	62.4	66.7	70.2	73.0	

Discount Rate	\$0.80	\$0.85	\$0.90	\$0.95	\$0.98	\$1.00
9.6 %	48.7	53.8	58.9	64.2	69.2	66.8
9.0 %	50.0	55.5	61.7	65.8	69.2	
8.6 %	53.2	59.5	64.4	69.4	71.7	
8.0 %	56.4	62.5	67.2	71.0	74.1	
7.6 %	59.6	65.4	70.9	73.6	76.6	

**Note:** Assumes transaction closes on September 20, 2004. DCF uses mid-year convention and adjusts first year cash flows accordingly. Both cases incorporate figures for 2004 as per GHF forecasts (using major input price of US\$1.2/bbl). 3% WACC net cash of US\$3.9mm as of September 20, 2004 (includes minority interest) at book value), and net fair of US\$1.165 mm for AAR (September 30, 2004, includes minority interest) at book value). Assumes current Grupo Majacsa ownership in AAR of 89.45% and in SPCC of 54.3%. For AAR net discount rate used of 7.5% to 8.5%. Sustainability in discount rates based on minority interest at book value).

...the maximum absorption of 23% of SPCC net sales is indicated by SPCC management.

<sup>1</sup> SPCC EBITDA adjusted by new royalty Taxes, assuming deduction of 2% of SPCC net sales as indicated by SPCC management, and in fact based on amount of new benefits order and tax model provided by MM, assuming 3.5% discount rate.

# Multiple Approach at Different EBITDA Scenarios

## Shares of SPCC to be Issued at EBITDA Multiples for SPCC - Preliminary Analysis

EBITDA Scenarios	Implied SPCC EBITDA Multiple (x)	EBITDA (\$ mm)		SPCC Shares to be Issued (mm)		
		SPCC	MM	Assumption of Present Value of Tax Benefits of \$200mm (2)		
				10.0%	50%	0%
2004E Forecast (3)	5.0 x	\$733	\$677	54	52	50
1H Annualized Results (4)	5.0 x	\$738	\$624	48	48	44
2005E A&S Case (5)	6.3 x	\$588	\$622	65	63	61
MM Management (6)	6.3 x	\$588	\$672	72	69	67

Note: Assumes Net Debt of US\$1,105 mm for MM and US\$1(15) mm for SPCC as of September 30, 2004, as provided by UBS.

\* Multiple based on SPCC share price of US\$6.1/share as of September 1, 2004.  
 † Present value of US\$200mm related to tax benefits based on amount of NOLs outstanding, asset tax recovered and withholding taxes, and tax mode provided by MM, assuming 8.5% discount rate.  
 ‡ Number of shares calculation includes present value of saving of US\$7mm related to annual fee paid to Grupo Mexico.  
 § As provided by GM on September 10, 2004, 2004 US GAAP estimates. Mile estimated adjusted for PTU as per MM management model.  
 ¶ As per Grupo Mexico 2004 press release, Announces FY 2004 EBITDA figure. MM figure adjusted for PTU as per MM management model.  
 †† As per MM and SPCC management models, adjusted by A&S. SPCC EBITDA adjusted by new royalty fees, estimated deduction of 2% of SPCC net sales as indicated by SPCC management.  
 ‡‡ As per MM and SPCC management models, MM EBITDA adjusted by new royalty fees, estimated deduction of 2% of SPCC net sales as indicated by SPCC management.

# Credit Comparison Selected Players in the Copper Industry (US\$ in millions)

	B&P Credit Rating (1)	Moody's Rating (2)(6)	Fitch Rating (1)	Total Debt	Book Value	Market Capitalization (3)
SPCC (6)	B-	NA	BB-	284.0	1,488.2	3,682.5
Minera Mexico (6)	B-	NA	B	1,261.5	821.1	3,088.7
SPCC - Self Tender (7)	NA	NA		444.0	1,308.2	3,682.5
ProForma				1,705.5	2,378.3	5,771.2
ProForma - Self Tender (7)				1,261.5	2,222.3	5,771.2
Grupo Mexico	B+	NA	BB	2,723.7	1,734.3	3,147.5
Philips Dodge	BBB-	BBB	BBB-	1,838.4	3,604.7	3,014.7
Freeport (4)	B	B2	NA	2,111.0	948.4	7,878.4
Antofagasta	NA	NA	NA	745.4	1,079.5	3,687.9
LTM EBITDA / Total Debt / Total Debt / Total Debt / Total						
	LTM Interest	LTM EBITDA	2004E EBITDA	Total Cap (Book)	Cap (Market) (3)	
SPCC (6)	41.7 x	0.5 x	0.4 x	16.8%	7.4%	
Minera Mexico (6)	7.1 x	2.7 x	1.7 x	57.8%	29.0%	
SPCC - Self Tender (7)	21.0 x	0.8 x	0.5 x	25.3%	11.1%	
ProForma	6.2 x	3.2 x	1.1 x	38.3%	18.7%	
ProForma - Self Tender (7)	6.4 x	3.3 x	1.2 x	45.3%	20.5%	
Grupo Mexico	7.0 x	2.1 x	1.8 x	60.8%	46.4%	
Philips Dodge	8.2 x	1.2 x	0.8 x	31.2%	17.0%	
Freeport (4)	4.0 x	3.3 x	2.1 x	69.0%	21.6%	
Antofagasta	27.0 x	0.9 x	1.0 x	40.8%	16.9%	
Mean (2)	17.8x	1.6x	1.2x	43.7%	21.9%	
Median (2)	9.2 x	1.2 x	1.0 x	40.8%	17.0%	

Source: Company filings, LTM figures as of June 30, 2004.  
 1 Long term foreign secured debt offering.  
 2 Mean and median based on SPCC and Minera Mexico.  
 3 Market cap as of September 10, 2004. Market cap for MM based on GM proposal of 67mm shares as of August 20<sup>th</sup>, 2004 and assuming SPCC share price as of September 1<sup>st</sup>, 2004.  
 4 Antofagasta's market cap as of June 30, 2004.  
 5 Moody's ProForma as per GM forecast. Market cap for MM assumes 67mm shares and share price of US\$46.1 per GM proposal.  
 6 Debt for Alberta and SPCC as of June 30, 2004. 2004 EBITDA as per GM forecast. Market cap for MM assumes 67mm shares and share price of US\$46.1 per GM proposal.  
 7 Self tender assumes issuance of US\$150mm in debt and interest expense of US\$12.3mm.

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## Observations on the Pro-Forma Credit Situation

### S&P

- S&P views the AMC family as a consolidated entity, and rates all of the subs identically (B- as of August 16, 2004; this rating was done in tandem with the upgrade of Grupo México)
- S&P's now positive outlook on the AMC family relates to expectations of faster debt repayment in the current copper price environment; to the extent prices fall off or cash is not used to reduce debt, the outlook could revert to stable
- Peruvian sovereign risk (Peru is BB/Stable) is not a limiting factor on the rating of AMC or any of its subsidiaries; thus, layering on "better" sovereign risk with Mexican cash flows is unlikely to affect SPCC
- Regardless of how capital is reshuffled among the entities, ratings are thus likely to remain where they are until a material improvement in cash flows and financial flexibility, as well as reduction in leverage are seen

### Fitch

- Unlike S&P, Fitch's approach does not consider SPCC to be limited by the credit quality of its shareholders (AMC is rated only B)
- Also unlike S&P, Fitch's SPCC BB- rating is explicitly constrained by the sovereign rating in Peru
- However, Fitch's review of the transaction did not contemplate a transfer of debt from MM to SPCC (see below)
- "Fitch rates SPCC's foreign currency debt 'BB-', which is constrained by the 'BB-' foreign currency rating of Peru. In the event the proposed transaction was not cashless and Minera México's debt is rebalanced between it and SPCC, Fitch would not expect the underlying credit quality (local currency rating) of SPCC to deteriorate to a level below the foreign currency rating of Peru. However, any transaction that would burden SPCC with additional debt or support Minera México could affect SPCC's underlying credit quality. On Feb. 3, 2004, Grupo México announced that it had presented a proposal to SPCC shareholders to sell all of its interest in Minera México to SPCC in return for additional shares in SPCC. The transaction is pending discussion and approval by SPCC shareholders."
- MM's credit rating of B may improve, but it will likely have no immediate impact on that of SPCC

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Goldman  
Sachs

## Appendix A: Support Material

Support Material 26

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## Recent Views from Wall Street

### SPCC

Date	Research House	Analyst	Comments
July 23, 2004	Goldman Sachs	Alberto Arias	<ul style="list-style-type: none"> <li>SPCC reported 2004 EPS of \$1.51, above consensus at \$1.26 and our \$1.23 est. due to higher than expected copper sales volumes despite the reports of some shipment delays earlier in the quarter. Copper cash cost declined below our forecast due to better than expected by-product credits. EBITDA at \$210 million was also above our \$170 million estimate. 2) INCREASE EPS FORECAST, to \$6.18 from \$4.80 for 2004, and to \$5.25 from \$5.19 for 2005, factoring the stronger 2004 results and better silver and molybdenum sales volumes. 3) VALUATION. We estimate that SPCC is trading at 4.3X EV/EBITDA and 6.5X P/CF based on our 2005 estimates, which compares with our copper universe average of 4.7X EV/EBITDA and P/CF of 6.4X. 4) KEY RISK. Higher political risks in Peru related to new mining royalties (3% of sales).</li> <li>We estimate that SPCC is currently trading at a P/CF multiple of 6.4X based on our 2004 estimates and 6.5X based on 2005 estimates, which compares to the company's historical average at 7.4X and to the average of our copper mining universe in 2005E (6.4X).</li> </ul>
August 6, 2004	Sear Stearns	Ozdel Altman	<ul style="list-style-type: none"> <li>Higher top line due to molybdenum. Our revenue assumption for 2004 rises by 14% to US\$1.38 bn, mostly to reflect a US\$13/b moly price, nearly double our previous input. Moly, which is a byproduct in copper mining, is now seen contributing over 20% to revenues versus less than 10% in the 2001-2003 period. For 2005, we are upping our estimate by 7%.</li> <li>EBITDA forecast up. We now look for US\$753 mn in EBITDA for 2004 – up 10% from our previous estimate and versus US\$529 mn in 2003. The main factors for the higher estimate are increased byproduct credits and lower SG&amp;A. Our estimate for 2005 of US\$705 mn rises by 3% – the 6% y/y decline is due to our lower moly price assumption.</li> <li>Bottom line/valuation. Key positives include the impressive FCF, high dividend yield, transparent results, and NYSE primary listing. Still, we continue to advocate some caution on the shares given PCU's (a) premium per valuation; (b) inefficient capital structure; (c) high expected capex/taxes; and (d) proposed asset/share swap with Grupo Mexico.</li> </ul>

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# Recent Views from Wall Street SPCC

(Continued)

Date	Research House	Research Analyst	Comments
July 23, 2004	Morgan Stanley	Andres Perez	<p>SPCC reported a 2Q04 EPS of \$1.31 vs. our \$1.32 estimate and an EBITDA of \$210 million vs. our estimate of \$183 million. Higher copper shipments and surging prices for molybdenum had earnings rising nearly 40% sequentially despite flat copper prices. Nonetheless, with a high degree of uncertainty over the pending merger with Minera Mexico, and what we see as relatively full valuations, we remain Underweight PCU.</p> <p>Uncertainty over the proposed merger with Minera Mexico is of concern as while there is potential to obtain financial and operational synergies, there is also the potential for conflict of interest as the parent company owns both parties in this transaction. A committee of independent Southern Peru board members is analyzing the transaction and may be out with a final decision within a month. The success of the deal will likely be price sensitive, but given the level of uncertainty and what we see as relatively full valuations we are maintaining our Underweight rating.</p>
July 23, 2004	JP Morgan	Wilfredo Ortiz	<p>SPCC reported a spectacular set of numbers, largely in line with our expectations. EBITDA for the quarter came in at \$210 million, implying a 45% sequential improvement and almost triple last year's figure. To compare, EBITDA for the whole of 2003 was \$280 million.</p> <p>We maintain our Underweight rating on the stock. While not disputing the good operating results, we believe that they are mostly priced in by the market. While reference copper prices on average were sequentially higher in the quarter by \$0.02/lb, and average cash costs were lower, SPCC's EBITDA margin declined from 57% to 54%. This discrepancy could be due to higher average realized copper prices in 1Q04, which can be attributed to either: 1) the timing of the shipments - namely selling more volume during the days that prices were excessively high, and/or 2) possible price premiums over reference prices generated from frangible buylog. Therefore we believe that margins were abnormally high in 1Q04 and that 2Q04 should be viewed as a continuation of a longer trend of improving margins.</p> <p>In addition, valuation does not look attractive relative to peers. SPCC is trading at 4.2 times our 2004 EBITDA estimate, higher than Grupo Mexico's 3.3 times multiple (though lower than Antofagasta's 5.0 times multiple, which we find to be rich).</p> <p>Furthermore, lingering concerns remain regarding 1) the potential restructuring involving Grupo Mexico's subsidiaries, and 2) possible imposition of a royalty tax.</p>

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## Recent Views from Wall Street

MM

Date	Research House	Research Analyst	Comments
August 6, 2004	Bear Stearns	Daniel Altman	<ul style="list-style-type: none"> <li>Data remain supportive of strong prices. Copper inventories held on the major exchanges (LME, COMEX, Shanghai) have fallen 75% YTD to around 200 kmt. Inventories at producers, consumers, and governments are also down, albeit at a slower pace. Our global supply-demand analysis suggests a deficit situation for the copper market in 2003E (400 kmt), 2004E (700 kmt), and 2005E (350 kmt).</li> <li>Grupo Mexico remains one of our top picks as we view very positively the ongoing balance-sheet/operational turnaround. Based on the new estimates, four year-end target 2004E rises by 75¢ to US\$4.75 (P\$54). To arrive at our target, we use 6x P/E multiple to 2005E earnings. The target also looks reasonable on a sum-of-the-parts analysis.</li> <li>Boosting our EBITDA forecast. We now look for US\$1.7 billion in EBITDA for 2004 – up 13% from our previous estimate and more than double 2003 levels. The biggest gains are at Minera Mexico (+33%, and now 40% of total EBITDA); Southern Peru (+10%, 44% of total EBITDA); and the GFM rallied (+5%, 12% of total EBITDA). For 2005E, we look for similar EBITDA levels – 10% above our previous forecast.</li> <li>The vital debt reduction outlook is stronger than expected. We now look for Grupo Mexico to reduce net debt by US\$1.3 bn (was US\$950 mn) from the start of this year through the end of 2005 – of which 30% is already accomplished through 1H04 (we leave a cushion for higher expected capex).</li> <li>We expect that by year-end 2005 the company will have debt/total consolidation below 30% versus 58% in 2003 – with over 10x interest coverage. What are the risks/negatives? The key risk we see on Grupo Mexico is a rapid return to more normalized copper prices – every 10¢ drop in the copper price would lower our annual EPS estimate by around 15¢, and the stock would have little or no upside if copper were currently at US\$1/lb. Other risks to our price target include (a) a lack of ADR facility; (b) market unfamiliarity with much of the company executive team; (c) moderate capex requirements; and (d) environmental liabilities in the U.S.</li> </ul>

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## Recent Views from Wall Street

MM

(Continued)

Date	Research House	Research Analyst	Comments
July 28, 2004	Goldman Sachs	Alberto Arias	<ul style="list-style-type: none"> <li>■ <b>SOLID RESULTS:</b> Grupo Mexico reported 2Q04 EBITDA of US\$445 vs. our estimate of US\$406 due to stronger than expected copper production volumes at its Minera Mexico subsidiary, which was partly offset by weak volumes and higher costs at its US mining subsidiary, Asarco.</li> <li>■ <b>KEY SURPRISES:</b> 1) Stronger than expected operating rates, recovery and ore grades at Cananea; 2) higher investments on waste rock pre-stripping at Asarco mines; 3) asset sales in MM generating a non-recurring gain of US\$28.2 mn.</li> <li>■ Grupo Mexico reported higher-than-expected copper sales volumes of 225,051 tonnes vs. our 187,300 tonnes forecast, representing a 10% increase QoQ and 13% YoY. Higher production was caused by higher ore grades at Cananea and progress in the company's plan to rehabilitate its mining equipment. We consider the mine's productivity bonus system as the key factor behind Cananea's concentrator increase in throughput by 27% QoQ.</li> <li>■ <b>POSITIVE SURPRISES:</b> 1) Cananea operational improvements; 2) higher than expected molybdenum production; 3) Stronger cargo load volumes at Grupo Ferrovial Mexicano; and 4) Anticipated debt pre-payment of US\$137mn due to higher free cash flows.</li> <li>■ <b>NEGATIVE SURPRISES:</b> 1) Higher operating cost despite higher by-product credits; 2) Decline in copper production at Asarco due to higher waste pre-stripping at the Mission and Ray mines; 2) Terms of proposed sale of Minera Mexico to SPCC; 3) Production and cash cost improvements at Asarco in the 2H04 as the company expects to complete its pre-stripping program; 4) Continued debt pre-payments; 5) More clarity of proposed 3% NSR mining royalty in Peru; and 6) Resolution of the company's continued strike at its Candia mine.</li> <li>■ <b>INDUSTRY IMPLICATIONS:</b> 1) On-going strike at Grupo Mexico's Cuaidad mine could extend to other mines and exacerbate copper supply deficits this year; 2) Potential strike in Asarco could further tighten US copper concentrate markets; 3) Improving financial conditions at Grupo Mexico should lead to a gradual increase in copper production capacity in North America after years of capital constraints at its mines.</li> </ul>
July 28, 2004	Morgan Stanley	Andres Perez	<ul style="list-style-type: none"> <li>■ Grupo Mexico posted consolidated 2004 EBITDA of \$449 million vs. our \$404 million estimate on higher copper shipments and molybdenum prices. EPS were \$0.23 vs. our \$0.18 estimate. Valuation remains attractive in our view, although uncertainty over the proposed merger of its Minera Mexico assets with Southern Peru Copper, may keep investors sidelined near term. We are maintaining our Equal-weight stock rating.</li> <li>■ Copper shipments reached 225,000 MT, up 13% YoY and 10% QoQ, thanks to an inventory draw down at Southern Peru Copper and investments made at rehabilitating the operating equipment and productive plant at Minera Mexico plus higher grade and ore recovery at Cananea.</li> </ul>

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## Recent Views from Wall Street

MM

(Continued)

Date	Research House	Research Analyst	Comments
July 28, 2004	JP Morgan	Wilfredo Ortiz	<ul style="list-style-type: none"><li>■ GMEX reported an impressive set of numbers, largely in line with our expectations. EBITDA for the quarter came in at \$446 million, implying an 11% sequential improvement and almost triple last year's figure. To compare, EBITDA for the whole of 2003 was \$680 million. The sequential improvement stems primarily from higher copper volumes sold at SPCC which were up 54%, while copper volumes sold declined at MM by 11% and at Asarco by 18%.</li><li>■ GMEX's net debt level of \$2.081 billion declined in the quarter by \$257 million versus March 2004. Total debt during the period was reduced by \$200 million.</li><li>■ GMEX anticipates an additional \$128 million debt payment at MM by the end of July due to strong cash flow generation at MM in 2004. We expect GMEX to continue lowering its net debt level throughout the year as its cash flow generation remains strong. Updates on Possible Transfer of MM to SPCC According to the company, the special committee of disinterested directors continues with its analysis in order to define the best way to combine the entities. We believe that GMEX and SPCC are both still interested in completing this transaction. However, we remain concerned about the terms of the transaction and possible implications they might have for SPCC minority shareholders.</li></ul>

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## Updated Copper Price Forecasts

	Date	2004E	2005E	2006E	
Deutsche Bank	US\$/lb	8/1/2004	1,250	1,300	1,200
UBS	US\$/lb	8/10/2004	1,280	1,180	1,080
First Call	US\$/lb	8/23/2004	1,230	1,210	NA
Citigroup	US\$/lb	8/18/2004	1,150	1,000	0,950
Morgan Stanley	US\$/lb	7/28/2004	1,260	1,250	1,150
JP Morgan	US\$/lb	6/14/2004	1,280	1,190	0,990
Goldman Sachs	US\$/lb	Current	1,220	1,250	NA
Bear Stearns	US\$/lb	8/25/2004	1,250	1,300	NA
Average			1,240	1,210	1,074

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## Term Sheet Update September 7<sup>th</sup>, 2004

On August 20<sup>th</sup>, 2004, UBS presented a revised Term Sheet to the Special Committee, after a few weeks of interaction between GS and UBS during which discussions were held related to the valuation and corporate governance aspects of the proposed transaction. The August 20<sup>th</sup> Term Sheet included revised proposed valuation and corporate governance considerations. On September 7<sup>th</sup>, 2004 UBS presented a new Term Sheet, which included additional points on corporate governance.

- Proposed Valuation and Consideration
  - Proposal of 67mm shares for the 88.84% of the equity value of MM
  - Under the new proposal, GM's ownership in SPCC would increase from current 54.2% to approximately 75.1%
- Corporate Governance Provisions
  - Independent Directors representing minority shareholders to be nominated pro-rata subject to a minimum of two directors and maximum of six when considering a Board of Directors composed of fifteen members. Creation of a Nominating Committee to nominate future independent directors composed of three directors including an independent director. Selection of nominees shall be unanimous thereby granting nominating committee members veto power over nominee selections
  - Related Party Transactions in excess of US\$100,000 will be reviewed by the Audit Committee
  - AMC shall use best efforts to maintain the listing of SPCC shares for a period of five years in the NYSE and in another major stock exchange such as AMEX, LSE, Toronto, NASDAQ, etc
- Share Buy Back Program
  - SPCC would consider establishing a share buyback program on the date the Transaction is completed open to all investors excluding the founding shareholders (Grupo Mexico, Phelps Dodge, and Cerro Trading Company)
- Single Class of Common Stock
  - SPCC will seek to obtain approvals for the conversion of Class A Common Stock into a single class of registered common shares
- Proposed Liquidity and Support Provision
  - SPCC will provide full management support including participation in roadshows related to any secondary offering by the minority founding shareholders
  - The minority founding shareholders agree not to sell any shares except through a secondary offering sponsored by SPCC for a period of six months after the closing the transaction
  - During a subsequent six-month period, the minority founding shareholders agree to sell no more than 1 million shares per month
  - SPCC shall have the right to conduct a primary offering concurrent with the secondary offering of minority shareholders up to a number of shares equal to 50% of the total being offered to the market
  - The minority founding shareholders will require GM's approval to sell their SPCC shares to a strategic buyer

## Summary Key Operating and Financial Metrics

Notes: IVA and A&S Cases assume option price forecast of \$1.35/bbl for 2004, \$1.67/bbl for 2005, \$1.87/bbl for 2006, and \$0.90/bbl thereafter, and multiproduct prices of \$10.00/bbl for 2004, \$5.50/bbl for 2005, and \$3.50 thereafter. EBITDA and operating profits shown on this page assume capitalization of striping costs. Add Case and A&S Case components figures from 2004 Budget as per Deyco Mexico (top row). Historical information for 2002 and 2003 as per IVA management. EBITDA, adjusted for workers participation (workmen participation is part of costs of goods sold). Free Cash Flow calculated as EBIT - Taxes + Depreciation and Amortization - Capex - Change in Working Capital.



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## Summary Key Operating and Financial Metrics

### Comparison of SPCC vs. A&S Scenarios Adjusted for Copper and Molybdenum Price Outlook

	2002A	2003A	2004B	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
<b>Copper Sales (Mtpy)</b>												
SPCC Case	332.1	358.8	381.0	352.1	347.3	355.1	359.1	347.3	317.3	322.5	341.1	(1.2)%
A&S Case	NA	NA	381.0	352.1	347.3	355.1	359.1	347.3	317.3	322.5	341.1	(1.2)%
<b>Revenues (US\$ mm)</b>												
SPCC Case	\$665	\$798	\$1,277	\$1,085	\$913	\$807	\$816	\$831	\$822	\$828	\$836	(4.6)%
A&S Case	NA	NA	\$1,277	\$1,095	\$913	\$807	\$816	\$831	\$822	\$828	\$836	(4.6)%
<b>EBITDA (US\$ mm)</b>												
SPCC Case	\$195	\$308	\$733	\$588	\$432	\$345	\$350	\$329	\$288	\$303	\$332	(8.4)%
A&S Case	NA	NA	\$733	\$588	\$432	\$345	\$350	\$329	\$288	\$303	\$332	(8.4)%
<b>EBITDA Margin (%)</b>												
SPCC Case	29.4%	38.6%	57.4%	53.7%	47.3%	42.7%	42.6%	39.6%	35.1%	36.7%	39.7%	(4.0)%
A&S Case	NA	NA	57.4%	53.7%	47.3%	42.7%	42.6%	39.6%	35.1%	36.7%	39.7%	(4.0)%
<b>Capex (US\$mm)</b>												
SPCC Case	\$124	\$67	\$266	\$280	\$219	\$73	\$72	\$180	\$84	\$86	\$100	(10.3)%
A&S Case	NA	NA	\$266	\$318	\$240	\$75	\$72	\$180	\$84	\$86	\$100	(10.3)%
<b>Free Cash Flow (US\$mm)</b>												
SPCC Case	NA	NA	\$273	\$89	\$81	\$208	\$241	\$95	\$108	\$147	\$169	(5.2)%
A&S Case	NA	NA	\$273	\$61	\$59	\$207	\$242	\$97	\$109	\$147	\$169	(5.2)%

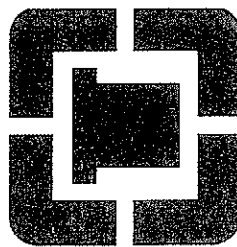
Note: 2002 SPCC and A&S Cases assume copper price of \$1.25/lb for 2004, \$1.21/lb for 2005, \$1.07/lb for 2006 and \$1.00/lb thereafter, and molybdenum price of \$10.00/lb for 2004, \$8.50/lb for 2005, and \$7.50/lb thereafter. Both cases assume capitalization of shipping costs, and incorporate figures from 2004 Budget as per Group M&A forecast. Historical information for 2002 and 2003 is per SPCC management. EBITDA adjusted for workers participation incentive participation is part of costs of goods sold. A&S Case incorporates capital charges as per A&S guidance. Free Cash Flow calculated as EBIT - Taxes + Depreciation and Amortization - Capex - Change in Working Capital.

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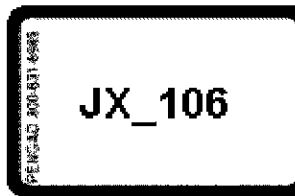
**Discussion Materials for the Special Committee of  
Disinterested Directors**



**SOUTHERN PERU**

**Goldman, Sachs & Co.**

**October 21<sup>st</sup>, 2004**





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# I. Analysis of Financial Aspects of Transaction

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# Analysis of Financial Aspects of Transaction

(US\$ in millions, except per share data)

Financial Terms: Issuance of approximately 67.2mm SPCC Shares in Exchange for approximately 99.15% of Minera Mexico ("MM")

**SPCC Public Market Valuation**  
 SPCC Share Price - October 18, 2004  
 SPCC Number of Shares Outstanding (mm)  
 SPCC Implied Market Capitalization  
 Net Debt and Minority Interest (1)  
 SPCC Implied Enterprise Value

\$ 46.41  
 80  
 \$3,714  
 (\$15)  
 \$3,699

**MM Valuation**  
 Number of Shares of SPCC to be Issued (mm)  
 % of MM to be Acquired  
 MM Implied Consideration  
 MM Implied Equity Value  
 Net Debt and Minority Interest (1)  
 MM Implied Enterprise Value (1)

67.2  
 99.15%  
 \$3,119  
 \$3,146  
 \$1,000  
 \$4,146

Current Economic Ownership of Grupo México in SPCC

54.2%

Pro-Forma Ownership of Grupo México in SPCC

75.1%

## Multiple Analysis

		Inclusion of Present Value of Tax Benefits of \$131mm	
		100%	80%
Implied SPCC YTD Annualized EBITDA Trading Multiple (3)		4.8x	4.6x
Implied MM YTD Adjusted Annualized EBITDA Transaction Multiple (3) (9)		6.4x	6.5x
Implied SPCC 2005 A&S EBITDA Trading Multiple (6)		5.81	5.4x
Implied MM 2005 A&S EBITDA Transaction Multiple (6)		6.22	6.6x
Implied SPCC 2005 Management EBITDA Trading Multiple (7)		5.81	6.4x
Implied MM 2005 Management EBITDA Transaction Multiple (7)		6.72	6.2x
Implied SPCC 2005 Wall Street EBITDA Trading Multiple (7)		6.64	5.6x
Implied MM 2005 Wall Street EBITDA Transaction Multiple (7)		6.22	6.6x
Implied Price per Lb. of SPCC Reserves (US\$/mm lbs) (4)		33,290	\$0.11
Implied Price per Lb. of MM Reserves (US\$/mm lbs) (5) (8)		54,675	\$0.05
Implied Price per Lb. of SPCC YTD Annualized Copper Production (US\$/mm lbs) (2)		889	\$4.26
Implied Price per Lb. of MM YTD Adjusted Annualized Copper Production (US\$/mm lbs) (2) (8)		706	\$4.23

Source: Company Information and FactSet

Note: MM multiples adjusted for net present value of US\$131mm related to tax benefits based on schedule of net operating losses and asset tax recovery as provided by MM, assuming 8.5% real discount rate.

1 Estimated net debt for SPCC as of December 31, 2004, as per SPCC management, including extraordinary dividend of US\$100mm payment which is a condition to closing of the transaction. Net debt plus minority interest for MM as provided in the Agreement and Plan of Merger of no more than US\$15m.

2 Year to date ("YTD") results as of September 30, 2004, annualized, provided by GM.

3 Nine months ended September 30, 2004, figures provided by MM and SPCC management. MM EBITDA adjusted for workers participation in accordance with MM management model.

4 Reserve numbers as per SPCC management presentation dated May 21, 2004. Contained copper as provided by SPCC.

5 Provided by MM management for 2004. Excludes IMMSA copper reserves. Contained copper as provided by MM.

6 EBITDA estimates as per MM and SPCC management models, as modified by A&S adjustments. MM EBITDA adjusted for workers participation in accordance with MM management model.

7 EBITDA estimates as per MM and SPCC management models. MM EBITDA adjusted for workers participation in accordance with MM management model.

8 September, 2004 and assumes A&S case for MM.

9 Copper reserves and production have been adjusted to exclude IMMSA. YTD copper production excludes IMMSA and reserves have been reduced based on MM management presentation on April 15, 2004. When calculating multiples MM Enterprise Value has been adjusted to exclude IMMSA based on its relative contribution to MM Enterprise Value as per A&S Case. Assumes no debt assigned to IMMSA.

10 Nine months results as of September 30, 2004, annualized. Assumes normalized results using June results for the month of July to exclude the impact of the strike at MM facilities as per GM financial information.





## II. Historical Financial Performance for Minera México ("MM") and Southern Peru Copper Corporation ("SPCC")

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# Overview of Minera México Mines and Metallurgical Assets

	Cananea Division	La Caridad / Mexcoebre Division	IMMSA Division
<b>Description</b>	<ul style="list-style-type: none"> <li>■ Open pit mine located 60 miles from the Caridad metallurgical complex and near the U.S. border</li> <li>■ Largest copper mine in México and 4<sup>th</sup> largest worldwide in terms of reserves</li> </ul>	<ul style="list-style-type: none"> <li>■ Open pit mine located near the town of Nacozari, near the U.S. border               <ul style="list-style-type: none"> <li>— Situated on the top of a mountain, resulting in low stripping ratios</li> <li>— Increasing molybdenum content extends life of mine</li> </ul> </li> <li>■ Metallurgical complex that includes:               <ul style="list-style-type: none"> <li>— Copper smelter</li> <li>— Electrolytic copper refinery</li> <li>— Precious metals refinery</li> <li>— Rod plant</li> <li>— Sulfuric acid plant</li> </ul> </li> <li>■ Processes 100% of the copper concentrate produced by Cananea and Caridad</li> </ul>	<ul style="list-style-type: none"> <li>■ Five underground mines located in the central part of México               <ul style="list-style-type: none"> <li>— Mainly zinc, silver and gold</li> </ul> </li> <li>■ Nueva Rosita coal and coke complex in Northern México               <ul style="list-style-type: none"> <li>— Production used at the San Luis Potosí copper smelter as well as sold to third parties</li> </ul> </li> <li>■ San Luis Potosí metallurgical complex               <ul style="list-style-type: none"> <li>— Electrolytic zinc refinery, copper smelter and sulfuric acid plant</li> <li>— Plants are fed with zinc and copper concentrates produced by IMMSA's underground mines</li> <li>— Smelter expected to close in 2013</li> </ul> </li> </ul>
<b>Operating Statistics</b>	<ul style="list-style-type: none"> <li>■ Reserves of 25.2 Mt of contained copper</li> <li>■ Concentrator capacity of 80 ktpd</li> <li>■ SW-EX plant capacity (2 plants) of 56 ktpy refined copper</li> </ul>	<ul style="list-style-type: none"> <li>■ Reserves of 4.8 Mt of contained copper</li> <li>■ Reserves of 825 kt of contained molybdenum</li> <li>■ Concentrator capacity of 90 ktpd</li> <li>■ SW-EX plant capacity of 22 ktpy</li> </ul>	<ul style="list-style-type: none"> <li>■ Total concentrator capacity of 18.3 ktpy at four mines</li> <li>■ San Luis Potosí capacity:               <ul style="list-style-type: none"> <li>— Copper smelter: 66 ktpy of concentrate and 25 ktpy of blister</li> <li>— Zinc refinery: 200 ktpy</li> </ul> </li> </ul>
<b>Key Expansion Projects</b>	<ul style="list-style-type: none"> <li>■ One project underway to increase SX-EW copper production with one new plant in operation in 2007</li> <li>■ Expansion of concentrator-plant capacity</li> </ul>	<ul style="list-style-type: none"> <li>■ New SX-EW plant to be commissioned in 2007 with 20 ktpy production capacity</li> <li>■ Copper-equivalent mining plan to be implemented starting in 2014 to extend life of mine due to increasing molybdenum content</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of Rosita coal plant from 1.1 Mtpy to 1.5 Mtpy in 2004</li> <li>■ Deepening of the shafts at Charcas and San Martín, with completion expected in 2005 / 2006</li> <li>■ Expected expansion of zinc refinery by 2.5 ktpy to be completed by year end 2005</li> </ul>

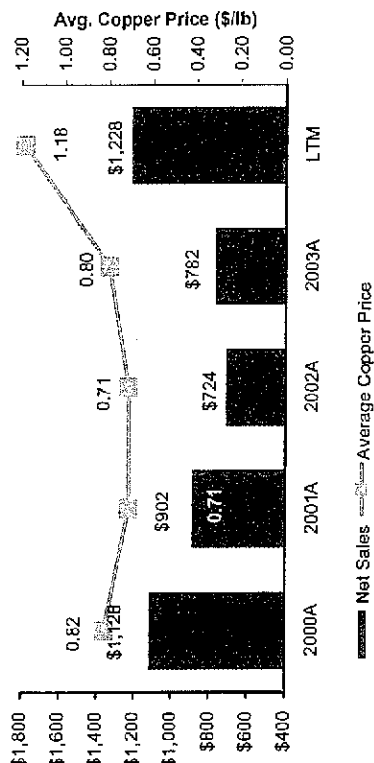
Source: Minera México April 16<sup>th</sup>, 2004. Management Presentation and Mintec.

# Historical Financial Performance

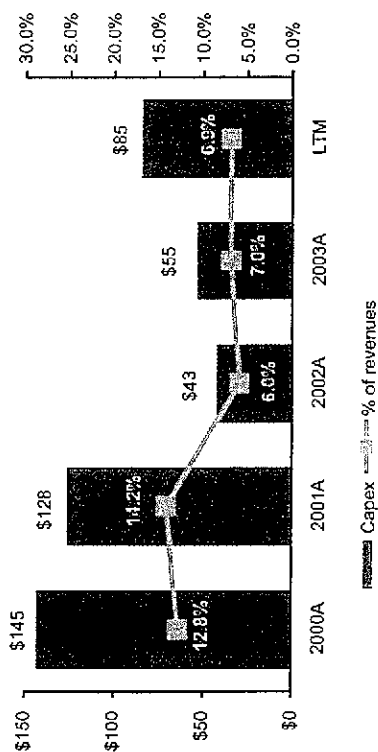
Minera México

(US\$ in millions)

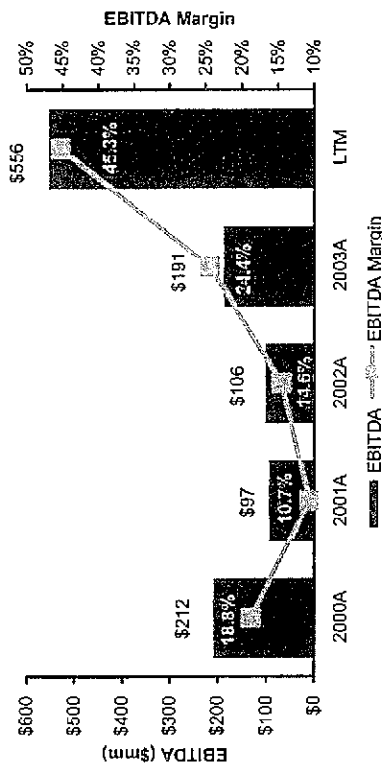
## Net Revenues



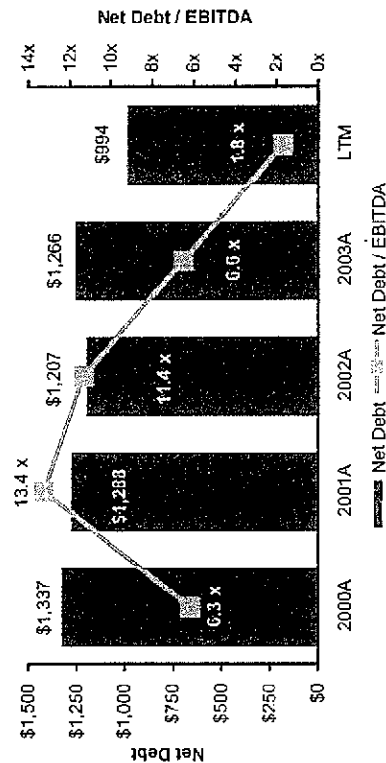
## Capex and Capex as % of Net Revenues



## EBITDA



## Net Debt and Net Debt/EBITDA



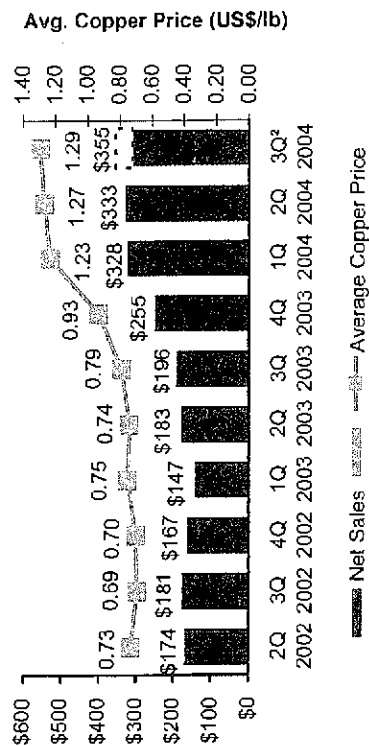
Source: Historical information from 1999 – 2003 from Grupo Minero México's 20-Fs and Grupo México's results releases – Figures expressed in US GAAP. Last twelve months ("LTM") as of September 30, 2004 based on unaudited figures provided by MM management. Net debt includes short term and long term financial debt, less cash and cash equivalents. Stripping costs are capitalized. LTM results not adjusted for impact of strike in the month of July that affected MM results. EBITDA figures not adjusted for workers participation.

# Historical Quarterly Financial Information

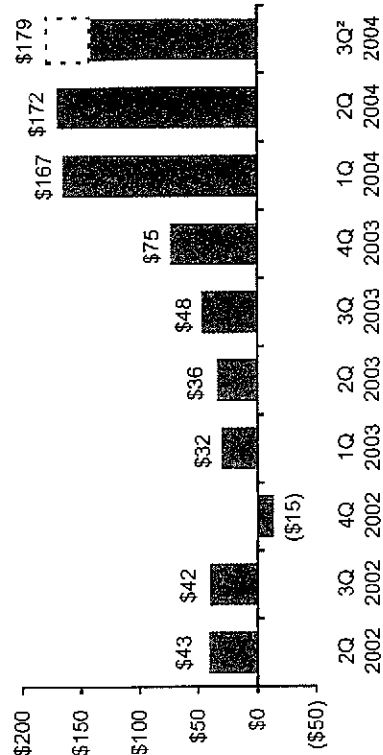
Minera México

(US\$ in millions)

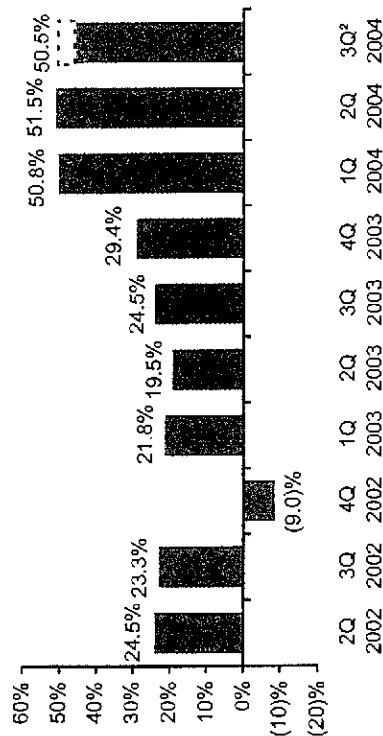
## Net Revenues



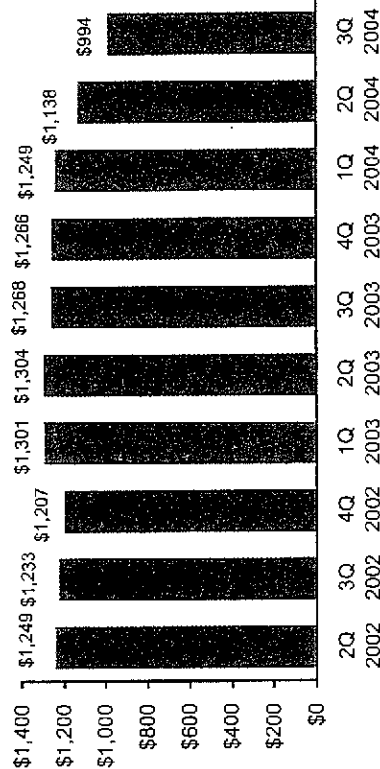
## EBITDA



## EBITDA Margin



## Net Debt<sup>1</sup>



Source: Historical quarterly information supplied by MM management. Assumes capitalization of stripping costs. EBITDA not adjusted for workers participation.

<sup>1</sup> Net debt excludes minority interest. Net debt includes short term and long term financial debt, less cash and cash equivalents.

<sup>2</sup> Dotted line represents quarterly normalized results assuming June sales and EBITDA levels for the month of July 2004, in which performance was affected by a strike at MM facilities.

# Overview of SPCC Mines and Metallurgical Assets

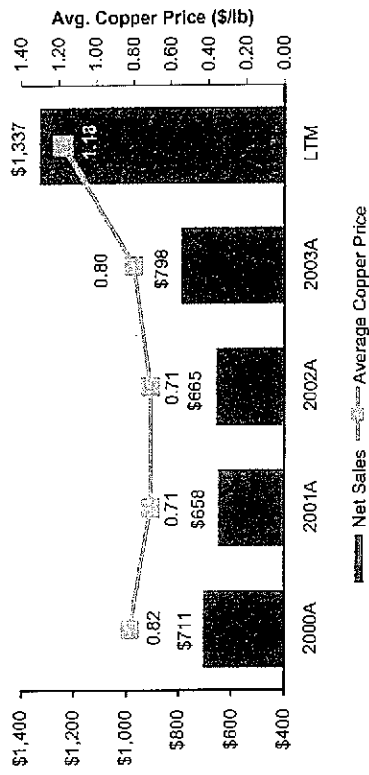
	Cuajone	Toquepala	Bo
<b>Description</b>	<ul style="list-style-type: none"> <li>■ Copper and molybdenum mines</li> <li>■ Started operations in 1976 and is expected to close in 2039</li> <li>■ Leached copper solutions processed at Toquepala SX-EW plant</li> </ul>	<ul style="list-style-type: none"> <li>■ Copper and molybdenum mines and SX-EW plant</li> <li>■ In operation since 1960. Expected closure in 2033</li> <li>■ SX-EW plant to close in 2028</li> <li>■ In 2002, Toquepala completed a 15 ktpd expansion increasing the daily mill throughput to 60 ktpd</li> </ul>	<ul style="list-style-type: none"> <li>■ Copper smelter and refinery, precious metals refinery, acid plant</li> <li>■ Smelter was commissioned in 1961 to process concentrate from Toquepala               <ul style="list-style-type: none"> <li>— Expansions where made in later years</li> </ul> </li> <li>■ Refinery was commissioned in 1977</li> <li>■ SPCC acquired the refinery from Minero Peru in 1994 for US\$65 million and US\$20 million in committed investments</li> </ul>
<b>Operating Statistics</b>	<ul style="list-style-type: none"> <li>■ Reserves               <ul style="list-style-type: none"> <li>— Sulfides: 1,123 Mt</li> <li>— Avg. Cu Content: 0.64 %</li> <li>— Avg. Moly Content: 0.02%</li> <li>— Leachable ore: 58.6 Mt</li> <li>— Avg. Cu Content: 0.41%</li> </ul> </li> <li>■ 2003 Operating Statistics               <ul style="list-style-type: none"> <li>— Total material moved: 97.5 Mt</li> <li>— Ore milled: 29.8 Mt</li> <li>— Concentrate produced: 710.0 kt</li> <li>— Copper in concentrate: 184.5 kt</li> <li>— Molybdenum produced: 4.9 kt</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Reserves – contained copper               <ul style="list-style-type: none"> <li>— Sulfide Ore: 619.6 Mt</li> <li>— Avg. Cu Content: 0.74%</li> <li>— Avg. Mo Content: 0.026%</li> <li>— Leachable ore: 1,732.2 Mt</li> <li>— Avg. Cu Content: 0.18%</li> </ul> </li> <li>■ 2003 Operating statistics:               <ul style="list-style-type: none"> <li>— Total material moved: 105.2 Mt</li> <li>— Ore milled: 21.2 Mt</li> <li>— Concentrate produced: 505.2 kt</li> <li>— Copper in concentrate: 142.4 kt</li> <li>— Molybdenum produced: 4.2 kt</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Copper Smelter               <ul style="list-style-type: none"> <li>— concentrate treated: 1,180 ktpy</li> <li>— blister produced: 320 ktpy</li> </ul> </li> <li>■ Copper Refinery               <ul style="list-style-type: none"> <li>— anode treated: 350 ktpy</li> <li>— cathode produced: 280 ktpy</li> </ul> </li> <li>■ Sulfuric Acid Plant acid               <ul style="list-style-type: none"> <li>— capacity: 350 ktpy</li> </ul> </li> </ul>
<b>Key Expansion Projects</b>	<ul style="list-style-type: none"> <li>■ Possible expansion from 87,000 to 140,000 MTPD</li> <li>■ Possible 22,000 ktpy SX EW plant</li> </ul>	<ul style="list-style-type: none"> <li>■ Crushing and conveying of leachable material</li> <li>■ Possible expansion from 60,000 to 90,000 MTPD</li> </ul>	<ul style="list-style-type: none"> <li>■ Smelter modernization to 1.2 MMTPY</li> <li>■ Modernized smelter expansion to 1.7 MMTPY</li> <li>■ Refinery expansion from 280,000 to 360,000 MTPY</li> </ul>

Source: SPCC Management Presentation – May 21, 2004.

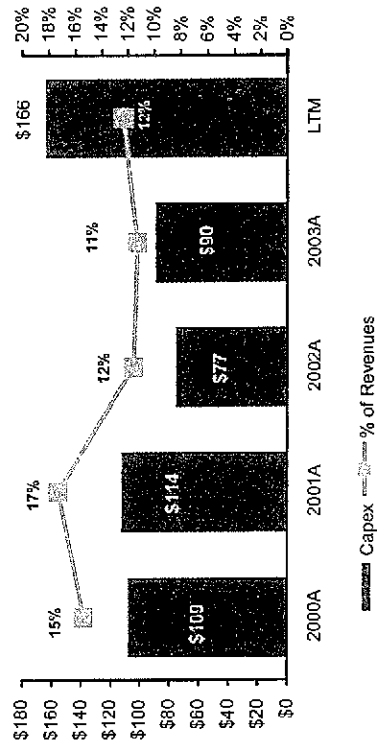
# Historical Financial Performance SPCC

(US\$ in millions)

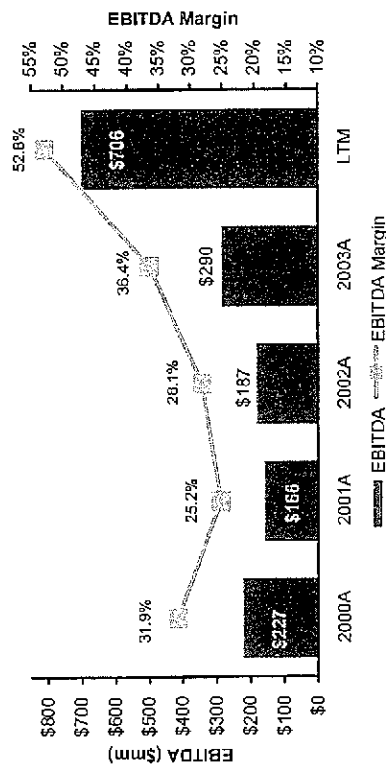
## Net Revenues



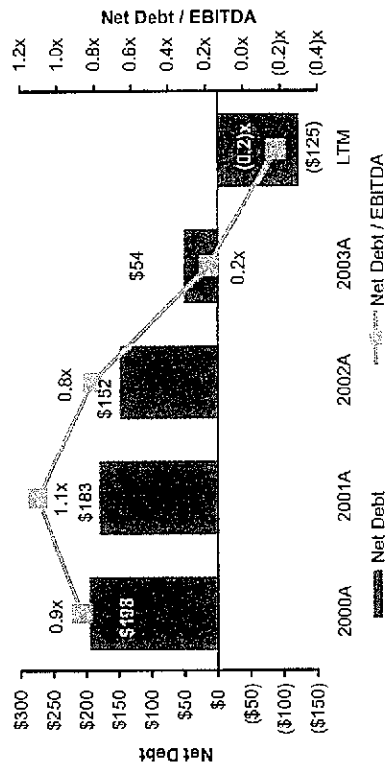
## Capex and Capex as % of Net Revenues



## EBITDA



## Net Debt and Net Debt/EBITDA

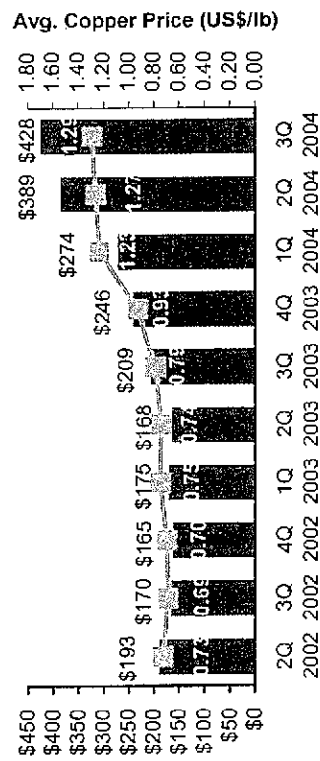


Source: Historical information from 1999 – 2004 from SPCC results releases. LTM as of September 30, 2004 based on unaudited figures provided by SPCC management. Net debt excludes minority interest. Net debt includes short term and long term financial debt, less cash and cash equivalents. Stripping costs are capitalized.

# Historical Quarterly Financial Information SPCC

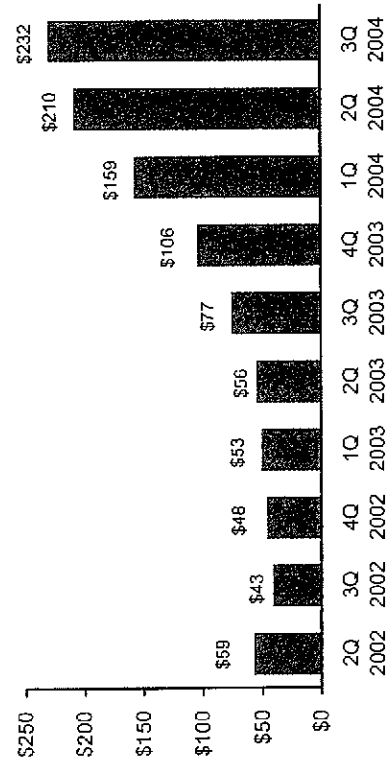
(US\$ in millions)

## Net Revenues

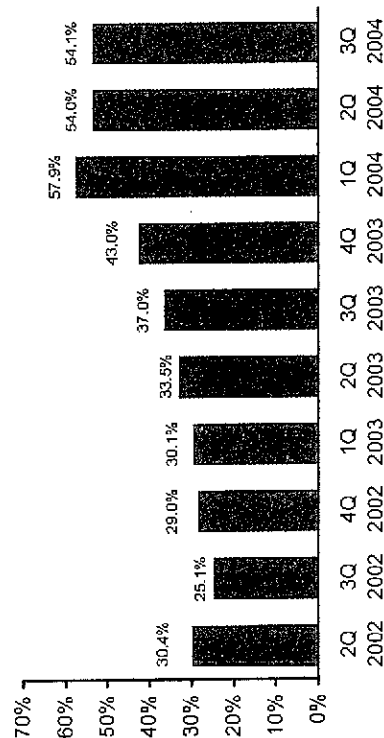


Net Sales — Average Copper Price

## EBITDA

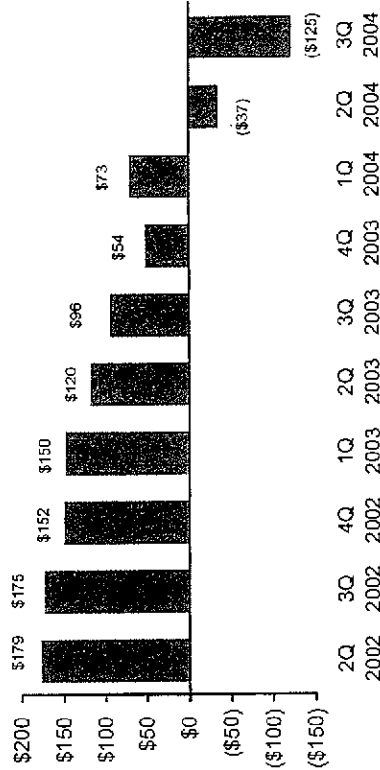


## EBITDA Margin



Source: SPCC's 10Qs and Grupo México's results releases. Assumes capitalization of stripping costs. Capex includes capitalized stripping.

## Net Debt<sup>1</sup>



<sup>1</sup> Net debt excludes minority interest. Net debt includes short term and long term financial debt, less cash and cash equivalents.

III

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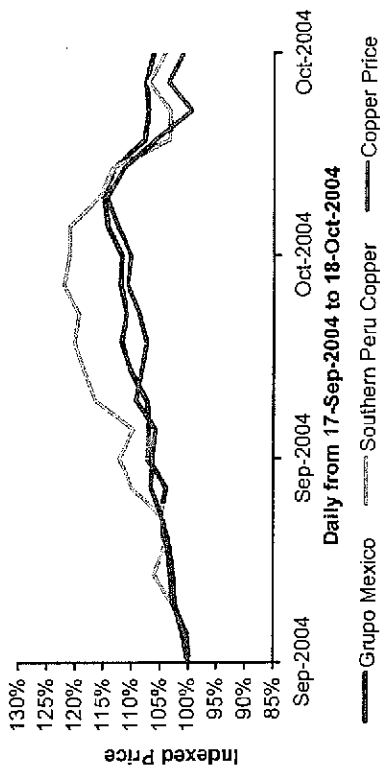
### III. Public Market Analysis



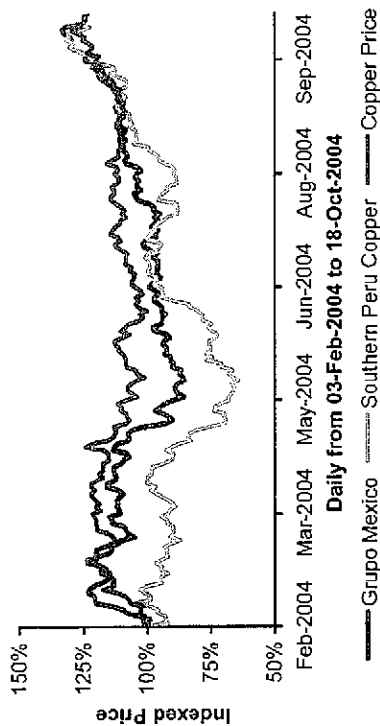
# SPCC vs. Grupo México Recent Stock Performance

As of October 18<sup>th</sup>, 2004

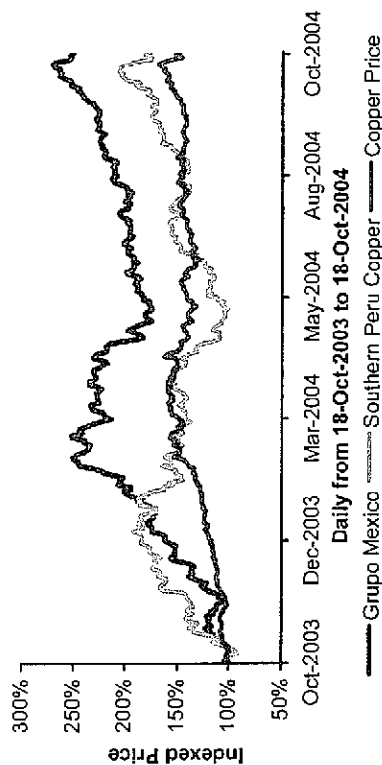
1 Month



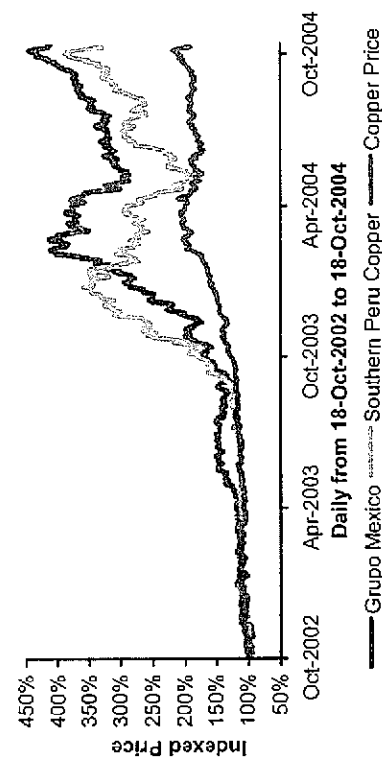
Since February 3, 2004



1 Year



2 Years



Note: GM prices in USD. February 3<sup>rd</sup>, 2004 refers to the date on which GM submitted original proposal to SPCC after which SPCC filed an 8K disclosing GM's intentions.  
Source: Factset

# Copper Players Stock Market Performance

As of October 18<sup>th</sup>, 2004

Company	Stock Price Performance			
	2 Years	1 Year	3-Feb-2004	1-month
SPCC	235.7%	78.7%	16.3%	5.5%
Grupo Mexico	312.3%	150.7%	21.0%	6.3%
Antofagasta	132.1%	24.0%	(13.1)%	(0.1)%
Freeport McMoRan	198.3%	(1.2)%	(0.7)%	(3.0)%
Phelps Dodge	186.1%	49.3%	13.7%	0.8%
Mean	212.9%	60.3%	7.4%	1.9%
Median	198.3%	49.3%	13.7%	0.8%
Copper Prices	93.3%	48.9%	14.3%	1.1%

Source: FactSet and Datastream.  
Note: Prices in USD using daily fix-rate. February 3<sup>rd</sup>, 2004 refers to the date on which GM submitted original proposal to SPCC after which SPCC filed an 8K disclosing GM's proposal.

# Common Stock Comparison

## As of October 18<sup>th</sup>, 2004

(US\$ in millions, except per share data)

Company	Closing Price 10/18/04	% of 52 Week High	Equity Market Cap (1)	Enterprise Value (1)	Enterprise Value Multiples (2)						LTM Margins (1)			
					Sales		EBITDA		EBIT		LTM EBITDA		LTM EBIT	
					LTM	2004	LTM	2004	LTM	2005	LTM	2004	LTM	2005
Antofagasta	\$ 19.18	85 %	\$ 3,781	\$ 4,490	3.2 x	NA	5.5 x	4.5	5.4	6.7 x	57.8 %	47.7 %		
Freeport McMoRan	36.10	78	7,406	9,408	4.9	4.2	2.9	14.5	11.3	4.8	19.3	33.7	25.3	
Phelps Dodge	83.85	87	8,024	9,293	1.7	1.4	1.4	7.0	4.5	4.0	10.8	24.3	15.8	
Southern Peru Copper (3)	46.41	85	3,714	3,685	3.3	2.7	2.9	6.7	4.8	5.5	7.8	49.0	42.3	
Grupo Mexico (4)	3.99	95	3,451	7,420	2.3	1.9	1.9	5.8	4.2	4.4	7.4	39.2	30.9	
	High	87 %	\$ 8,024	\$ 9,408	4.9 x	4.2 x	2.9 x	14.5 x	11.3 x	5.5 x	19.3 x	57.8 %	47.7 %	
	Mean	84 %	\$ 5,275	\$ 6,859	3.1 x	2.5 x	2.3 x	7.9 x	5.9 x	4.8 x	10.4 x	40.8 %	32.4 %	
	Median	85 %	\$ 3,781	\$ 7,420	3.2 x	2.3 x	2.4 x	6.7 x	4.5 x	4.8 x	7.8 x	39.2 %	30.9 %	
	Low	78 %	\$ 3,451	\$ 3,685	1.7 x	1.4 x	1.4 x	5.5 x	4.2 x	4.0 x	6.7 x	24.3 %	15.8 %	

(1) Sources: Latest publicly available financial statements. Equity Market Capitalization based on diluted shares outstanding.

(2) Sources: LTM (last twelve months) numbers are based upon the latest publicly available financial statements. All projected sales, EBITDA, and EBIT, estimates have been calendarized. Projected sales, EBITDA, and EBIT source: IBES median estimates. Enterprise value include minority interest at book value.

(3) Shares include both common stock and Class A common stock. Net debt as of June 30th, 2004.

(4) EBITDA and Sales projections based on Wall Street Research. Net debt includes minority interest (SPCC minorities valued at market value and other subsidiaries at book value).

# Equity Research Analysts' Views

## Grupo México and SPCC – Target Prices

### Potential upside

SPCC				
Broker	Bear Stearns	Morgan Stanley	JP Morgan	Centura
Analyst	Daniel Altman	Andres Perez	Wilfredo Ortiz	Luis Bravo
Date	24-Sep-2004	16-Sep-2004	23-Jul-2004	27-Jul-2004
Recommendation	Underperform	Underweight	Underweight	Sell
Target Price	36.0	NA	NA	35.8
Potential Upside (1)	(22.4)%	NA	NA	(22.9)%
Price at the Time of Publication	37.8	45.3	38.9	36.4

Grupo Mexico				
Broker	Bear Stearns	Morgan Stanley	BBVA	Citigroup
Analyst	Daniel Altman	Andres Perez	Raphael Biderma	Rafael Urquia
Date	24-Sep-2004	16-Sep-2004	9-Sep-2004	26-Aug-2004
Recommendation	Underperform	Underweight	Underperform	Sell
Target Price	4.8	NA	4.0	2.6
Potential Upside (1)	19.0%	NA	0.8%	(35.8)%
Price at the Time of Publication	3.4	3.6	3.6	3.1
				3.2

(1) Upside as of current price of October 18th, 2004. SPCC \$46.41 and Grupo Mexico \$3.99.

Source: Wall Street Research.

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## IV. Discussion on MM and SPCC Life of Mine Projections

# Discussion of MM Projections

## Key Observations

Topic	Considerations
Projections	<ul style="list-style-type: none"> <li>■ Projections based on MM's financial model as supplied by MM management in US\$ real terms ("MM Case")</li> <li>■ Five year historical figures provided</li> <li>■ Production figures and costs based on third-party metallurgical studies (Mintec for Cananea and Harry Winters for Caridad and IMMSA)</li> <li>■ Life of mine valuation for all three mines               <ul style="list-style-type: none"> <li>— IMMSA mines depleted/closed between 2018 and 2030</li> <li>— Caridad closes in 2049 (based on MM's estimates and in 2031 based on Harry Winters' reports)</li> <li>— Assumes Cananea closes in 2053</li> </ul> </li> </ul>
Methodology	<ul style="list-style-type: none"> <li>■ Assumes that transaction closes on December 31<sup>st</sup>, 2004. Uses mid-year convention</li> <li>■ Adjusted copper price outlook (\$1.20/lb for 2005, \$1.08/lb for 2006, \$1.00/lb for 2007 and \$0.90/lb thereafter) and adjusted molybdenum price outlook (\$5.5/lb for 2005, and \$3.5/lb thereafter) in accordance with averages provided by Wall Street Research. Original copper price assumption of US\$1.00/lb and of molybdenum of US\$4.9/lb fixed through the life of mine were provided by MM management</li> <li>■ "A&amp;S Case" refers to the MM Case as adjusted to modifications recommended by Anderson &amp; Schwab ("A&amp;S"), mining consultants to the Special Committee, in production, cost and capital expenditures assumptions among others as well as closure costs for the smelters and refineries</li> <li>■ Sensitivities were performed to A&amp;S Case on long-term copper prices. Additional sensitivities were performed on discount rates in real terms</li> <li>■ Projections include new optimization plan for Cananea ("Alternative 3") developed by Grupo México and Mintec</li> <li>■ Assumes net debt of no more than US\$1,000 million including minority interest for MM as of closing as per proposed Agreement and Plan of Merger</li> <li>■ Assumes Mexican 33% statutory tax rate for 2004 and 32% statutory tax rate going forward, as well as a workers profit tax rate of 10% through life of mine</li> <li>■ Tax benefits valued based on schedules and estimates provided by MM management and include net operating losses and asset tax recovery. Net present value of tax benefits of approximately US\$131mm using a real discount rate of 8.5%</li> <li>■ MM financial analysis does not include value from potential synergies, estimated at approximately US\$300 mm by Grupo México, including potential synergies from economies of scale in procurement, elimination of duplication in business services and infrastructure, increase in attained metal premium, sharing of underground mining know-how and optimization of investments towards projects that have the highest risk adjusted net present values, among others</li> </ul>

# Summary Key Operating and Financial Metrics

Comparison of MM vs. A&S Scenarios Adjusted for Copper and Molybdenum Price Outlook

	2002A	2003A	2004B	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04 - '13 CAGR
<b>Copper Production (Mtpy)</b>													
MM Case	316.0	320.2	325.0	355.0	357.1	469.0	421.9	433.3	459.1	467.9	509.5	441.9	3.5%
A&S Case	NA	NA	325.0	329.1	334.0	439.6	395.6	406.0	430.6	437.6	474.6	414.1	2.7%
<b>Revenues (US\$ mm)</b>													
MM Case	\$736	\$727	\$1,297	\$1,352	\$1,261	\$1,435	\$1,261	\$1,287	\$1,344	\$1,362	\$1,441	\$1,312	0.1%
A&S Case	NA	NA	\$1,297	\$1,268	\$1,192	\$1,355	\$1,193	\$1,216	\$1,269	\$1,281	\$1,348	\$1,235	(0.5)%
<b>EBITDA (US\$ mm)</b>													
MM Case	\$106	\$184	\$598	\$665	\$572	\$677	\$538	\$565	\$614	\$637	\$712	\$602	0.1%
A&S Case	NA	NA	\$598	\$615	\$530	\$627	\$497	\$523	\$567	\$586	\$651	\$555	(0.8)%
<b>EBITDA Margin (%)</b>													
MM Case	14.3%	25.3%	46.1%	49.2%	45.4%	47.2%	42.6%	43.9%	45.6%	46.8%	49.4%	45.9%	(0.1)%
A&S Case	NA	NA	46.1%	48.5%	44.5%	46.3%	41.7%	43.0%	44.7%	45.8%	48.3%	44.9%	(0.3)%
<b>Capex (US\$mm)</b>													
MM Case	\$50	\$57	\$103	\$459	\$261	\$147	\$159	\$191	\$187	\$161	\$151	\$157	4.8%
A&S Case	NA	NA	\$103	\$495	\$305	\$154	\$206	\$238	\$177	\$157	\$182	\$162	4.4%
<b>Free Cash Flow (US\$mm)</b>													
MM Case	NA	NA	NA	\$48	\$197	\$335	\$294	\$180	\$293	\$348	\$400	\$360	NA
A&S Case	NA	NA	NA	(\$29)	\$122	\$298	\$219	\$107	\$274	\$322	\$332	\$334	NA

Note: MM and A&S Cases assume copper price forecast of \$1.20/lb for 2005, \$1.08/lb for 2006, \$1.00/lb for 2007 and \$0.90/lb, and molybdenum prices of \$5.5/lb for 2005, and \$3.5/lb thereafter in accordance with averages provided by Wall Street Research. EBITDA and capex figures shown on this page assume capitalization of shipping costs. MM Case and A&S Case incorporate figures from 2004 as per nine months ended September 30, 2004, annualized results (includes full impact of strike). Capex for 2004 as provided by MM management. A&S Case incorporates changes to production, costs and capex as per A&S recommendations. Historical information for 2002 and 2003 as per MM management. EBITDA adjusted for workers participation (workers participation is part of costs of goods sold in accordance with US GAAP). Free Cash Flow calculated as EBIT - Taxes + Depreciation and Amortization - Capex - Change in Working Capital



# Discussion of SPCC Projections

## Key Observations

Topic	Considerations
Projections	<ul style="list-style-type: none"> <li>■ Projections based on SPCC's financial model as supplied by SPCC management in US\$ real terms ("SPCC Case")</li> <li>■ Analyses of three main operating units (Cujane, Toquepala and Ilo) as one single operating company</li> <li>■ Five year historical financial information provided on the same basis as the financial model</li> <li>■ Analyses based on life of mine</li> </ul>
Methodology	<ul style="list-style-type: none"> <li>■ Assumes that transaction closes on December 31st., 2004 Uses mid-year convention</li> <li>■ Adjusted copper price outlook (\$1.20/lb for 2005, \$1.08/lb for 2006, \$1.00/lb for 2007 and \$0.90/lb thereafter) and adjusted molybdenum price outlook (\$5.5/lb for 2005, and \$3.5/lb thereafter) in accordance with averages provided by Wall Street Research and other public sources. Original copper price assumption of US\$1.00/lb and of molybdenum of US\$4.9/lb fixed through the life of mine were provided by SPCC management</li> <li>■ Assumes statutory tax rate of 35%, workers labor share participation of 0.7% and workers participation of 8%</li> <li>■ Sensitivities were performed to A&amp;S Case on long-term copper and molybdenum prices. Additional sensitivities were performed on discount rates in real terms</li> <li>■ A&amp;S Case reflects changes to SPCC Case recommended by A&amp;S based on differing capital expenditures assumptions <ul style="list-style-type: none"> <li>— Capital expenditures increase for Ilo smelter modernization program due to potential contingencies and additional changes to maintenance and replacement capex</li> </ul> </li> <li>■ Projections include royalty tax of 2% of sales for SPCC starting in January 2005 as indicated by SPCC management and Wall Street research. Sensitivities were performed to different levels of royalty taxes on SPCC sales</li> <li>■ Net debt of US\$(15.0) million as of December 31, 2004 as per SPCC management information, further adjusted to incorporate an extraordinary dividend payment of US\$100mm as contemplated by the Agreement and Plan of Merger and regular quarterly dividends paid for third and fourth quarters of fiscal 2004</li> </ul>

# Summary Key Operating and Financial Metrics

Comparison of SPCC vs. A&S Scenarios Adjusted for Copper and Molybdenum Price Outlook

	2002A	2003A	2004E	2005E	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	04-'13 CAGR
<b>Copper Sales (Mtpy)</b>													
SPCC Case	332.1	358.8	394.0	352.1	347.3	355.1	379.6	359.1	347.3	317.3	322.6	341.1	(1.6)%
A&S Case	NA	NA	394.0	352.1	347.3	355.1	379.6	359.1	347.3	317.3	322.6	341.1	(1.6)%
<b>Revenues (US\$ mm)</b>													
SPCC Case	\$665	\$798	\$1,455	\$1,087	\$917	\$886	\$925	\$898	\$913	\$903	\$909	\$918	(5.0)%
A&S Case	NA	NA	\$1,455	\$1,087	\$917	\$886	\$841	\$818	\$831	\$822	\$828	\$836	(6.0)%
<b>EBITDA (US\$ mm)</b>													
SPCC Case	\$195	\$308	\$801	\$581	\$436	\$415	\$451	\$421	\$398	\$351	\$367	\$399	(7.5)%
A&S Case	NA	NA	\$801	\$581	\$436	\$415	\$376	\$350	\$329	\$289	\$303	\$332	(9.3)%
<b>EBITDA Margin (%)</b>													
SPCC Case	29.4%	38.6%	55.1%	53.4%	47.5%	46.8%	48.8%	46.9%	43.6%	38.9%	40.4%	43.4%	(2.6)%
A&S Case	NA	NA	55.1%	53.4%	47.5%	46.9%	44.7%	42.8%	39.6%	35.1%	36.7%	39.7%	(3.6)%
<b>Capex (US\$mm)</b>													
SPCC Case	\$124	\$87	\$215	\$360	\$195	\$78	\$72	\$160	\$149	\$84	\$88	\$100	(8.2)%
A&S Case	NA	NA	\$215	\$398	\$210	\$81	\$72	\$160	\$149	\$84	\$88	\$100	(8.2)%
<b>Free Cash Flow (US\$mm)</b>													
SPCC Case	NA	NA	NA	\$10	\$112	\$260	\$275	\$141	\$151	\$186	\$218	\$212	NA
A&S Case	NA	NA	NA	(\$28)	\$97	\$257	\$213	\$111	\$109	\$147	\$176	\$169	NA

Note: Both SPCC and A&S Cases assume copper price of \$1.20/lb for 2005, \$1.08/lb for 2006, \$1.00/lb for 2007 and \$0.90/lb thereafter, and molybdenum prices of \$5.5/lb for 2005, and \$3.5/lb thereafter in accordance with averages provided by Wall Street Research. Both cases assume capitalization of stripping costs, and incorporate figures from 2004 as per 9 months ended September 30, 2004 annualized results. Capex for 2004 as provided by SPCC management. Assumes tax royalty of 2% of net revenues as per SPCC management starting in 2005. Historical information for 2002 and 2003 as per SPCC management. EBITDA adjusted for workers participation (workers participation is part of costs of goods sold). A&S Case incorporates capex changes as per A&S recommendations. Free Cash Flow calculated as EBIT - Taxes + Depreciation and Amortization - Capex - Change in Working Capital.

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## V. Financial Analyses

# Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM (Shares in Millions)<sup>1</sup> – 100% of Tax Benefits

## SPCC Royalties – 1% of Net Sales

Assuming SPCC Discount Rate 50 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	55.4	59.7	63.1
9.0%	57.4	61.6	64.9
8.5%	59.5	63.5	66.7
8.0%	61.4	65.3	68.4
7.5%	63.3	67.1	70.1

Assuming SPCC Discount Rate 100 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	57.8	62.3	66.0
9.0%	60.0	64.4	67.9
8.5%	62.3	66.5	69.0
8.0%	64.4	68.5	71.9
7.5%	66.5	70.5	73.7

Assuming SPCC Discount Rate 150 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	60.2	65.0	68.8
9.0%	62.7	67.3	71.0
8.5%	65.1	69.6	73.1
8.0%	67.4	71.8	75.2
7.5%	69.7	74.0	77.3

## SPCC Royalties – 2% of Net Sales

Assuming SPCC Discount Rate 50 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	57.7	62.0	65.4
9.0%	59.9	64.0	67.3
8.5%	62.0	65.9	69.1
8.0%	64.0	67.8	70.8
7.5%	66.0	69.7	72.6

Assuming SPCC Discount Rate 100 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	60.3	64.8	68.4
9.0%	62.6	67.0	70.4
8.5%	64.9	69.1	72.4
8.0%	67.1	71.2	74.4
7.5%	69.3	73.2	76.3

Assuming SPCC Discount Rate 150 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.0%	62.8	67.6	71.4
9.0%	65.4	70.0	73.6
8.5%	67.9	72.3	76.8
8.0%	70.3	74.5	78.0
7.5%	72.7	76.8	80.1

## SPCC Royalties – 3% of Net Sales

Assuming SPCC Discount Rate 50 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	60.3	64.5	67.9
9.0%	62.5	66.5	69.8
8.5%	64.7	68.6	71.7
8.0%	66.8	70.5	73.5
7.5%	68.9	72.4	75.3

Assuming SPCC Discount Rate 100 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	63.0	67.4	71.0
9.0%	65.4	69.7	73.1
8.5%	67.8	71.9	75.1
8.0%	70.1	74.0	77.2
7.5%	72.3	76.2	79.2

Assuming SPCC Discount Rate 150 b.p. Higher than MM			
Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)			
	\$0.80	\$0.85	\$1.00
9.5%	65.7	70.4	74.1
9.0%	68.3	72.8	76.4
8.5%	70.9	75.2	78.7
8.0%	73.4	77.6	80.9
7.5%	75.9	79.9	83.1

Note: Assumes transaction closes on December 31<sup>st</sup>, 2004 using life of mine projections provided by MM and SPCC management incorporating changes recommended by A&S. DCF uses mid-year convention. SPCC net debt of US\$151mm and MM net debt of US\$1,000mm as per SPCC management and provisions in the Agreement and Plan of Merger, respectively. SPCC net debt assumes extraordinary dividend of US\$100mm payable prior to closing (plus minority interest). Assumes current Grupo México ownership in MM of 99.15% and in SPCC of 54.2%. For MM range of real discount rate used of 7.5% to 9.5%. Sensitivities to discount rates based on difference in spreads between the 10yr UST and Peruvian and Mexican bonds for various time periods. SPCC EBITDA adjusted by new royalty taxes, assuming deduction of 1%, 2% or 3% of SPCC net sales starting in 2005. Assumes molybdenum at US\$5.5/lb for 2005 and US\$3.5/lb afterwards, in accordance with Wall Street Research.

<sup>1</sup> 100% of Present Value of Tax Benefits for MM. Present value of US\$131mm related to tax benefits based on schedule of, and estimates of tax savings from, net operating losses and asset tax recovery as provided by MM, assuming 8.5% real discount rate.

# Preliminary Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM  
(Shares in Millions)<sup>1</sup> 50% of Tax Benefits

## SPCC Royalties – 1% of Net Sales      SPCC Royalties – 2% of Net Sales      SPCC Royalties – 3% of Net Sales

Assuming SPCC Discount Rate 80 b.p. Higher than MM			Assuming SPCC Discount Rate 100 b.p. Higher than MM			Assuming SPCC Discount Rate 150 b.p. Higher than MM		
Long Term Copper Price - US\$/lb (Molybdenum at \$3.50/lb)			Long Term Copper Price - US\$/lb (Molybdenum at \$3.50/lb)			Long Term Copper Price - US\$/lb (Molybdenum at \$3.50/lb)		
\$0.80	\$0.85	\$1.00	\$0.80	\$0.85	\$1.00	\$0.80	\$0.85	\$1.00
9.5 %	51.3	56.0	59.8	53.0	65.5	58.2	63.5	67.7
9.0 %	53.5	58.1	61.8	54.8	64.8	60.9	65.0	69.1
8.5 %	55.7	60.2	63.7	56.8	64.0	63.6	66.5	70.2
8.0 %	57.9	62.1	65.5	58.1	62.5	65.0	68.5	72.4
7.5 %	59.9	64.1	67.4	60.3	64.5	67.9	70.6	74.5
				62.4	66.5	69.8	72.4	76.5
Discount Rate			Discount Rate			Discount Rate		
9.5 %	51.3	56.0	59.8	53.0	65.5	58.2	63.5	67.7
9.0 %	53.5	58.1	61.8	54.8	64.8	60.9	65.0	69.1
8.5 %	55.7	60.2	63.7	56.8	64.0	63.6	66.5	70.2
8.0 %	57.9	62.1	65.5	58.1	62.5	65.0	68.5	72.4
7.5 %	59.9	64.1	67.4	60.3	64.5	67.9	70.6	74.5
				62.4	66.5	69.8	72.4	76.5
Discount Rate			Discount Rate			Discount Rate		
9.5 %	51.3	56.0	59.8	53.0	65.5	58.2	63.5	67.7
9.0 %	53.5	58.1	61.8	54.8	64.8	60.9	65.0	69.1
8.5 %	55.7	60.2	63.7	56.8	64.0	63.6	66.5	70.2
8.0 %	57.9	62.1	65.5	58.1	62.5	65.0	68.5	72.4
7.5 %	59.9	64.1	67.4	60.3	64.5	67.9	70.6	74.5
				62.4	66.5	69.8	72.4	76.5
Discount Rate			Discount Rate			Discount Rate		
9.5 %	51.3	56.0	59.8	53.0	65.5	58.2	63.5	67.7
9.0 %	53.5	58.1	61.8	54.8	64.8	60.9	65.0	69.1
8.5 %	55.7	60.2	63.7	56.8	64.0	63.6	66.5	70.2
8.0 %	57.9	62.1	65.5	58.1	62.5	65.0	68.5	72.4
7.5 %	59.9	64.1	67.4	60.3	64.5	67.9	70.6	74.5
				62.4	66.5	69.8	72.4	76.5
Discount Rate			Discount Rate			Discount Rate		

Note: Assumes transaction closes on December 31<sup>st</sup>, 2004 using life of mine projections provided by MM and SPCC management incorporating changes recommended by A&S. DCF uses mid-year convention. SPCC net debt of US\$151mm and MM net debt of US\$1,000mm as per SPCC management and provisions in the Agreement and Plan of Merger, respectively. SPCC net debt assumes extraordinary dividend of US\$100mm payable prior to closing (plus minority interest). Assumes current Grupo Mexico ownership in MM of 99.15% and in SPCC of 54.2%. For MM range of real discount rate used of 7.5% to 9.5%. Sensitivities to discount rates based on difference in spreads between the 10yr UST and Peruvian and Mexican bonds for various time periods. Assumes molybdenum at US\$5.50/lb for 2005 and US\$3.50/lb afterwards, in accordance with Wall Street Research. SPCC EBITDA adjusted by new royalty taxes, assuming deduction of 1%, 2% or 3% of SPCC net sales starting in 2005.

<sup>1</sup> 50% of Present Value of Tax Benefits for MM. Present value of US\$131mm related to tax benefits based on schedule of, and estimates of tax savings from, net operating losses and asset tax recovery as provided by MM, assuming 8.5% real discount rate.

# Preliminary Discounted Cash Flow Analyses

Hypothetical Number of SPCC Shares to be Issued Based on A&S Cases for SPCC and MM (Shares in Millions)<sup>1</sup> 0% of Tax Benefits

## SPCC Royalties – 1% of Net Sales      SPCC Royalties – 2% of Net Sales      SPCC Royalties – 3% of Net Sales

Assuming SPCC Discount Rate 50 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	47.2	52.4	58.6
9.0%	49.6	54.8	60.0
8.5%	52.0	56.8	61.9
8.0%	54.3	59.0	63.9
7.5%	56.5	61.1	65.8

Discount Rate

Assuming SPCC Discount Rate 50 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	48.2	54.4	58.6
9.0%	51.7	56.8	60.0
8.5%	54.2	59.0	61.9
8.0%	56.6	61.3	63.9
7.5%	58.8	63.4	65.8

Discount Rate

Assuming SPCC Discount Rate 50 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	51.4	56.7	60.8
9.0%	54.0	59.1	63.1
8.5%	56.6	61.4	65.2
8.0%	59.1	63.7	67.4
7.5%	61.5	65.9	69.5

Discount Rate

Assuming SPCC Discount Rate 100 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	48.2	54.7	59.1
9.0%	51.9	57.2	61.4
8.5%	54.1	59.5	63.5
8.0%	56.3	61.9	65.8
7.5%	58.4	64.2	68.0

Discount Rate

Assuming SPCC Discount Rate 100 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	51.4	56.9	61.3
9.0%	54.1	59.4	63.6
8.5%	56.7	61.9	65.9
8.0%	59.3	64.3	68.2
7.5%	61.9	66.7	70.4

Discount Rate

Assuming SPCC Discount Rate 100 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	53.7	59.2	63.6
9.0%	56.5	61.8	66.0
8.5%	59.2	64.4	68.4
8.0%	61.9	66.9	70.8
7.5%	64.5	69.3	73.1

Discount Rate

Assuming SPCC Discount Rate 150 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	51.3	57.1	61.7
9.0%	54.1	59.7	64.2
8.5%	56.8	62.3	66.6
8.0%	59.5	64.8	69.0
7.5%	62.3	67.3	71.4

Discount Rate

Assuming SPCC Discount Rate 150 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	53.5	59.4	64.0
9.0%	56.5	62.1	66.5
8.5%	59.3	64.7	69.0
8.0%	62.1	67.4	71.5
7.5%	64.9	69.9	74.0

Discount Rate

Assuming SPCC Discount Rate 150 b.p. Higher than MM

	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)	Long Term Copper Price - US\$/lb (Molybdenum at \$3.5/lb)
	\$0.80	\$0.85	\$0.90
9.5%	56.0	61.8	66.4
9.0%	59.0	64.5	69.0
8.5%	62.0	67.4	71.6
8.0%	64.9	70.1	74.2
7.5%	67.8	72.8	76.7

Discount Rate

Note: Assumes transaction closes on December 31<sup>st</sup>, 2004 using life of mine projections provided by MM and SPCC management incorporating changes recommended by A&S. DCF uses mid-year convention. SPCC net debt of US\$150mm and MM net debt of US\$1,000mm as per SPCC management and provisions in the Agreement and Plan of Merger, respectively. SPCC net debt assumes extraordinary dividend of US\$100mm payable prior to closing (plus minority interest). Assumes current Grupo México ownership in MM of 99.15% and in SPCC of 54.2%. For MM range of real discount rate used of 7.5% to 9.5%. Sensitivities to discount rates based on difference in spreads between the 10yr UST and Peruvian and Mexican bonds for various time periods. Assumes molybdenum at US\$5.5/lb for 2005 and US\$3.5/lb afterwards, in accordance with Wall Street Research.

SPCC EBITDA adjusted by new royalty taxes, assuming deduction of 1%, 2% or 3% of SPCC net sales starting in 2005.

<sup>1</sup> 0% of Present Value of Tax Benefits for MM. Present value of US\$131mm related to tax benefits based on schedule of, and estimates of tax savings from, net operating losses and asset tax recovery as provided by MM, assuming 8.5% real discount rate.

# Contribution Analysis at Different EBITDA Scenarios

## Shares of SPCC to be Issued at EBITDA Multiples for SPCC

EBITDA Scenarios 2004E	Implied SPCC EBITDA Multiple (1)	EBITDA (\$ mm)		Inclusion of Present Value of Tax Benefits of \$131mm (2)		
		SPCC	MM	Implied SPCC Shares to be Issued (mm)		
				100%	50%	0%
YTD Annualized Results - Adjusted (7)	4.6 x	\$801	\$643	45	43	42
Forecast (3)	5.0 x	\$733	\$687	56	54	53
2005E						
A&S Case - 1% of Sales Royalty (4)	6.3 x	\$592	\$622	64	63	62
A&S Case - 2% of Sales Royalty (4)	6.4 x	\$581	\$622	66	65	63
A&S Case - 3% of Sales Royalty (4)	6.5 x	\$570	\$622	68	66	65
SPCC and MM Management (5)	6.4 x	\$581	\$672	73	72	70
Wall Street Research (6)	5.6 x	\$664	\$622	55	54	53

<sup>1</sup> Multiple based on SPCC share price of US\$46.41/share as of October 18<sup>th</sup>, 2004 and estimated SPCC net debt of US\$115mm as per SPCC management as of December 31, 2004. Assumes payment of US\$100mm extraordinary dividend prior to closing as per Agreement and Plan of Merger. Assumes GM ownership in MM of 99.15% as per Agreement and Plan of Merger.

<sup>2</sup> Present value of US\$131mm related to tax benefits based on schedule of net operating losses and asset tax recovery provided by MM, assuming 8.5% real discount rate.

<sup>3</sup> As provided by GM on September 10, 2004. MM EBITDA adjusted for workers participation as per MM management model.

<sup>4</sup> As per MM and SPCC management models, adjusted by A&S. SPCC EBITDA adjusted by royalty taxes, assuming deduction of 1%, 2% or 3% of SPCC net sales. Mid-point of 2% of sales as per SPCC Management.

<sup>5</sup> As per MM and SPCC management models. MM EBITDA adjusted for workers participation in accordance with MM management model. SPCC EBITDA adjusted by new royalty taxes, assuming deduction of 2% of SPCC net sales as indicated by SPCC management.

<sup>6</sup> As per Wall Street Research average for SPCC (includes Bear Stearns, Morgan Stanley and BBVA) and as per MM management models, adjusted by A&S.

<sup>7</sup> As per Grupo Mexico unaudited financial statements for nine months EBITDA ended September 30, 2004 annualized. MM figures adjusted for workers participation as per MM management model. Adjusted YTD as of September 30, 2004 assumes normalized results using June results for the month of July to mitigate the impact of the strike at MM facilities.



# Accretion/Dilution Analysis

## Based on Life of Mine Model - A&S Case

(US\$ mm)	SPCC Royalty - 1% of Net Sales		SPCC Royalty - 2% of Net Sales		SPCC Royalty - 3% of Net Sales	
	2005	2006	2005	2006	2005	2006
<u>Net Income</u>						
SPCC Net income						
MM Net Income - Adjusted for Tax Benefits (1)	311	211	304	205	297	199
Pro-Forma Net Income Adjusted for Tax Benefits	349	239	349	239	349	239
MM Net Income - Based on Statutory Tax Rate (2)	660	450	653	444	646	438
Pro-Forma Net Income Based on Statutory Tax Rate	266	190	266	190	266	190
Shares	577	402	570	396	563	390
SPCC Outstanding Shares	80	80	80	80	80	80
Additional Shares of SPCC Issued	67	67	67	67	67	67
Pro-Forma Shares	147	147	147	147	147	147
SPCC EPS	3.9	2.6	3.8	2.6	3.7	2.5
Pro-Forma EPS (MM Adjusted for Tax Benefits)	4.5	3.1	4.4	3.0	4.4	3.0
Accretion/Dilution	15.3%	15.7%	16.7%	17.5%	18.2%	19.4%
SPCC EPS	3.9	2.6	3.8	2.6	3.7	2.5
Pro-Forma EPS (MM Based on Statutory Tax Rate)	3.9	2.7	3.9	2.7	3.8	2.6
Accretion/Dilution	0.8%	3.3%	1.8%	4.7%	2.9%	6.2%
SPCC Wall Street EPS (3)			4.8			
Pro-Forma EPS Using SPCC Wall Street EPS and MM EPS as per A&S Case (1)			5.0			
Accretion/Dilution			3.8%			

Note: Using life of mine projections provided by MM and SPCC management incorporating changes recommended by A&S. Assumes current Grupo México ownership in MM of 99.15% for consolidation of MM net income. Net income for SPCC and MM based on debt amortization schedules provided by GM and SPCC respectively.  
SPCC EBITDA adjusted by new royalty taxes, assuming 1%, 2% or 3% of SPCC net sales as indicated by SPCC management starting in 2005. Assumes capitalization of stripping costs and completion of refinancing package for MM. Assumes stock for stock transaction (no goodwill amortization). No synergies included in analysis.

<sup>1</sup> Taxable income for MM reduced by utilization of net operating losses and asset tax recovery as per schedules provided by MM.

<sup>2</sup> Statutory tax rate of 32% and 10% for workers participation.

<sup>3</sup> EPS includes estimates of Morgan Stanley, Centura and Bear Stearns as of September 16, 2004, September 1, 2004 and September 24, 2004 respectively.

# Credit Comparison

## Selected Players in the Copper Industry

(US\$ in millions)

	S&P Credit Rating (1)	Moody's Rating (1)(5)	Fitch Rating (1)	Total Debt	Book Value	Market Capitalization (3)
SPCC (6)	B-	NA	BB-	294.0	1,529.8	3,698.6
Minera Mexico (6)	B-	NA	B	1,039.9	981.8	3,145.5
Pro-Forma				1,334.0	2,511.6	6,844.1
Grupo Mexico	B+	NA	BB	2,723.7	1,754.8	3,451.4
P Phelps Dodge	BBB-	Baa3	BBB	1,638.4	3,604.7	8,024.1
Freeport (4)	B+	B2	NA	2,111.0	948.4	7,405.9
Antofagasta	NA	NA	NA	745.4	1,079.5	3,780.8
	LTM EBITDA / LTM Interest	Total Debt / LTM EBITDA	Total Debt / 2004E EBITDA	Total Debt / Total Cap (Book)	Total Debt / Total Cap (Market) (3)	
SPCC (6)	59.3 x	0.4 x	0.4 x	16.1%	7.4%	
Minera Mexico (6)	9.3 x	1.9 x	1.5 x	51.4%	24.8%	
Pro-Forma	17.6 x	1.1 x	0.9 x	34.7%	16.3%	
Grupo Mexico	7.0 x	2.1 x	1.5 x	60.8%	44.1%	
P Phelps Dodge	9.2 x	1.2 x	0.8 x	31.2%	17.0%	
Freeport (4)	4.0 x	3.3 x	2.5 x	69.0%	22.2%	
Antofagasta	27.0 x	0.9 x	0.7 x	40.8%	16.5%	
Mean (2)	9.4 x	1.5 x	1.1 x	40.4%	19.9%	
Median (2)	7.0 x	1.2 x	0.8 x	40.8%	17.0%	

Source: Company filings. LTM figures as of June 30, 2004, SPCC and MM figures as of September 30, 2004.

<sup>1</sup> Long term foreign issuer credit rating.

<sup>2</sup> Mean and median exclude SPCC and Minera Mexico.

<sup>3</sup> Market capitalization as of October 18<sup>th</sup>, 2004.

<sup>4</sup> Net interest expense for Freeport.

<sup>5</sup> Moody's no longer rates the Grupo Mexico companies.

<sup>6</sup> Debt for Minera and SPCC as of September 30, 2004. Does not include minority interest. LTM EBITDA calculated for September 30, 2004. 2004E EBITDA as per 9 months annualized results as of September 30, 2004. MM figures adjusted to reflect normalized results using June results for the month of July to mitigate the impact of the strike at MM financial information. Market capitalization for MM assumes 67.2mm shares and SPCC share price of \$46.41 as of October 18<sup>th</sup>, 2004. Uses Net Interest Expense for MM.

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## Appendix A: Public Sources Metals Prices Forecast

# Wall Street Research Commodities Price Forecast

## Copper

	Date	2004E	2005E	2006E	2007E	Long Term
Deutsche Bank	US\$/lb	8/1/2004	1.250	1.300	1.200	
UBS	US\$/lb	8/10/2004	1.280	1.180	1.080	0.900
First Call	US\$/lb	9/22/2004	1.240	1.210		
Citigroup	US\$/lb	8/26/2004	1.050	1.000	0.950	0.850
Morgan Stanley	US\$/lb	9/16/2004	1.250	1.200	1.150	1.000
JP Morgan	US\$/lb	6/14/2004	1.280	1.190	0.990	
Bear Stearns	US\$/lb	9/22/2004	1.250	1.300		
RBC	US\$/lb	9/3/2004	1.200	1.150	1.050	0.950
ING	US\$/lb	9/1/2004	1.200	1.130	0.990	0.900
Goldman Sachs	US\$/lb	10/21/2004	1.230	1.250	1.350	0.850
Prudential	US\$/lb	9/24/2004	1.270	1.500	1.500	1.750
Mean		1.227	1.219	1.140	1.130	0.910
Median		1.250	1.200	1.080	1.000	0.900

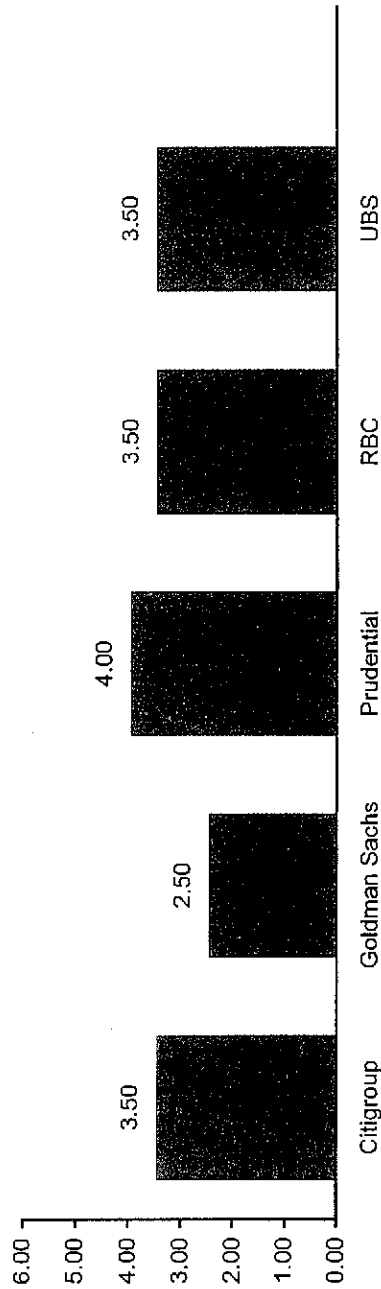
Source: Wall Street Research.



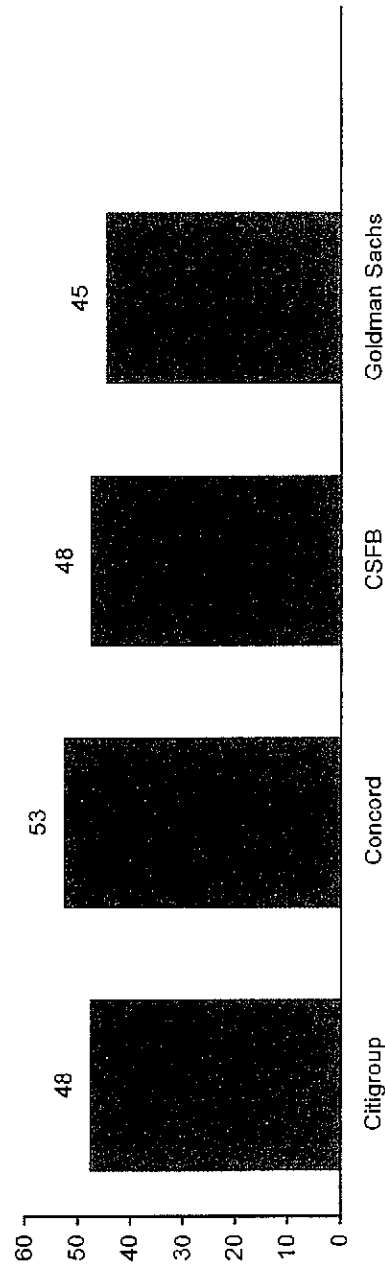
# Commodities Price Forecast

## Molybdenum and Zinc

Long Term Molybdenum Price Forecast (US\$/lb)

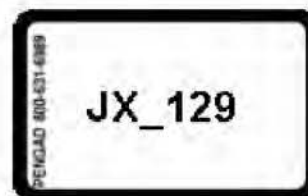


Long Term Zinc Price Forecast (cents/lb)



Source: Wall Street Research from April through July 2004.

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[QuickLinks](#) -- Click here to rapidly navigate through this document

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**  
**(Rule 14a-101)**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under Rule 14a-12

**SOUTHERN PERU COPPER CORPORATION**

\_\_\_\_\_  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No Filing Fee Required.
- ☐ Fee Computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
- (1) Title of each class of securities to which transaction applies: Common Stock

(2) Aggregate number of securities to which transaction applies: 67,207,640

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$982,760,000\*

\*The filing fee was determined by calculating a fee of \$126.70 per \$1,000,000.00 of the aggregate book value of Minera México, S.A. de C.V., as of September 30, 2004.

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(4) Proposed maximum aggregate value of transaction: \$982,760,000

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(5) Total fee paid: \$124,515.70

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- • Fee paid previously with preliminary materials.
- • Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

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2. Form, Schedule or Registration Statement No.:

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3. Filing Party:

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4. Date Filed:

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**Notice of Special Meeting of Stockholders  
To Be Held on March 28, 2005**

To the Stockholders of Southern Peru Copper Corporation:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Southern Peru Copper Corporation will be held at the offices of Grupo México, S.A. de C.V., Baja California 200, Fifth Floor, Colonia Roma Sur, 06760, Mexico City, Mexico, on March 28, 2005, at 10:00 A.M., Mexico City time, for the following purposes:

1. To amend our restated certificate of incorporation to (i) increase the number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) designate such newly-authorized shares as shares of Common Stock;
2. To approve the issuance of the 67,207,640 newly-authorized shares of our Common Stock to be paid to the holder of the outstanding stock of Americas Sales Company, Inc., the parent of Minera México, S.A. de C.V., pursuant to the terms of an Agreement and Plan of Merger, dated as of October 21, 2004, by and among Southern Peru Copper Corporation, SPCC Merger Sub, Inc., our newly-formed, wholly-owned subsidiary, Americas Sales Company, Inc., Americas Mining Corporation and Minera México, S.A. de C.V.;
3. To amend our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors; and
4. To transact such other business as may properly come before the meeting.

The foregoing items of business are more fully described in the proxy statement which is attached to this notice.

The board of directors has fixed the close of business on February 10, 2005, as the record date for determining the stockholders entitled to notice of and to vote at the Special Meeting and any adjournment thereof. This proxy statement and accompanying proxy is being sent to stockholders entitled to vote on or about February 28, 2005.

By order of the Board of Directors,

/s/ ARMANDO ORTEGA GÓMEZ

Armando Ortega Gómez,  
Secretary

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**YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE TAKE THE TIME TO VOTE YOUR SHARES BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND PROMPTLY RETURNING IT IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.**

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Annex B—Fairness Opinion

Annex C—Proposed Charter Amendments

Annex D—Unaudited Pro Forma Combined Condensed Financial Information



2575 East Camelback Road, Suite 500  
Phoenix, Arizona 85016

## PROXY STATEMENT

### SUMMARY OF THE ACQUISITION

*This summary highlights selected information from this document relating to the acquisition of Minera México, S.A. de C.V., or Minera México, by us through the merger of our newly-formed, wholly-owned subsidiary, SPCC Merger Sub, Inc., or SPCC Merger Sub, into Minera México's parent, Americas Sales Company, Inc., or ASC, and may not contain all the information that is important to you. For a more complete understanding of the acquisition and for a more complete description of the legal terms of the merger, you should read this entire document carefully, as well as any additional documents we refer you to, including the Agreement and Plan of Merger (attached as Annex A), the Fairness Opinion rendered to the special committee of our board of directors (attached as Annex B) and the Amendments to our Restated Certificate of Incorporation (attached as Annex C).*

#### Information About the Companies

**Southern Peru Copper Corporation**  
2575 East Camelback Road, Suite 500  
Phoenix, Arizona 85016  
(602) 977-6595

- We are an integrated producer of copper that operates mining, smelting and refining facilities in the southern part of Peru. Our copper operations involve mining, milling and flotation of copper ore to produce copper concentrates, the smelting of copper concentrates to produce blister copper and the refining of blister copper to produce copper cathodes. We also produce refined copper using the solvent extraction/electrowinning (SX/EW) technology. Silver, molybdenum and small amounts of other metals are contained in copper ore as by-products. Silver is recovered in the refining process or as an element of blister copper. Molybdenum is recovered from copper concentrate in a molybdenum by-product plant. We operate the Toquepala and Cuajone mines, high in the Andes, approximately 984 kilometers southeast of Lima. We also operate a smelter and refinery, west of the mines at the Pacific Ocean Coast City of Ilo, Peru. We are incorporated under the laws of Delaware.
- You can find more information about us on our website: [www.southernperu.com](http://www.southernperu.com). We have made available free of charge on [www.southernperu.com](http://www.southernperu.com) our annual, quarterly and current reports, as soon as reasonably practical after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. However, the information found on our website is not part of this or any other report.

**Minera México, S.A. de C.V.**  
Baja California 200  
Col. Roma Sur  
06760 Mexico City, Mexico  
011-52-55-5080-0050

- Minera México is a corporation (*sociedad anónima de capital variable*) organized under the laws of the United Mexican States. It is the largest mining company in Mexico. Minera México produces copper, zinc, silver, gold and molybdenum. Minera México is a holding company and all of its operations are conducted through subsidiaries that are grouped into three separate

units. The first unit is the Mexicana de Cobre Unit, which operates an open-pit copper mine. It also operates a 90,000 metric tons per day copper ore concentrator, a 22,000 metric tons per year solvent extraction-electro winning (SX/EW) refinery, a 300,000 metric tons per year copper smelter, a 300,000 metric tons per year refinery, a 150,000 metric tons per year rod plant and a 15 million ounces per year of silver and 100,000 ounces per year of gold precious metals refinery. The second unit is the Cananea Unit. This unit operates an open-pit copper mine, which is one of the world's largest copper ore deposits, a 80,000 metric tons per day copper concentrator, and two solvent extraction-electro winning (SX/EW) refineries with a combined capacity of 55,000 metric tons per year of electro winning copper. The third unit is the Industrial Minera México Unit, which consists of seven underground mines located in central and northern Mexico where zinc, copper, silver and gold are mined. This unit includes an industrial processing facility for zinc and copper in San Luis Potosí and Mexico's largest underground mine, San Martín, as well as Charcas, Mexico's largest zinc producing mine. This unit also includes a coal facility in northeast México.

**SPCC Merger Sub., Inc.**  
**2575 East Camelback Road, Suite 500**  
**Phoenix, Arizona 85016**  
**(602) 977-6595**

- SPCC Merger Sub is our wholly-owned subsidiary and was incorporated on October 19, 2004 in the State of Delaware. SPCC Merger Sub has not engaged in any operation and exists solely to facilitate the merger. Therefore, although SPCC Merger Sub will be a party to the merger, when we discuss the merger in this document, we generally refer to ourselves.

**Americas Mining Corporation**  
**2575 East Camelback Road, Suite 500**  
**Phoenix, Arizona 85016**  
**(602) 977-6500**

- Americas Mining Corporation, or AMC, is a Delaware corporation and a subsidiary of Grupo México, S.A. de C.V., or Grupo México. For more information regarding Grupo México, see "*Security Ownership of Certain Beneficial Owners and Management*" on page 63 of this document. In addition, AMC, through its wholly-owned subsidiary SPHC II Incorporated, indirectly owns approximately 54.2% of our capital stock and approximately 65.8% of our Class A Common Stock. AMC carries out its operations in Mexico through Minera México, in Peru and in Chile through us, and in the United States and Canada through ASARCO Incorporated.

**Americas Sales Company, Inc.**  
**2575 East Camelback Road, Suite 500**  
**Phoenix, Arizona 85016**  
**(602) 977-6500**

- ASC is a Delaware corporation and a wholly-owned subsidiary of AMC. Although currently inactive, ASC's historic business was copper sales.
- ASC owns, through a guaranty trust and directly, approximately 99.1463% of the outstanding shares of Minera México.

## Summary of the Merger

- Effective as of October 18, 2004, AMC contributed all of its approximately 99.1463% ownership interest in Minera México to ASC, its wholly-owned subsidiary.



- AMC agrees to use its best efforts to cause the board of directors to declare and pay an aggregate \$100 million transaction dividend to all of the holders of our Common Stock and Class A Common Stock prior to the merger. On January 31, 2005, we declared the transaction dividend, which will be payable on March 1, 2005 to our shareholders of record at the close of business on February 17, 2005.
- At the effective time of the merger, SPCC Merger Sub, will merge into ASC, with ASC surviving as our wholly-owned subsidiary. As a result of the merger, we will exchange 67,207,640 newly-issued shares of our Common Stock for all of the existing and outstanding shares of ASC's capital stock. You can find more information about the merger on page 39 of this document under the caption, "*Description of the Agreement and Plan of Merger—Merger Consideration.*"
- If the merger is completed, we will own, through ASC, approximately 99.1463% of Minera México, and AMC will increase its ownership of our capital stock from approximately 54.2% to approximately 75.1%.
- Under Delaware law, you do not have appraisal rights in connection with this transaction.
- Your rights as a stockholder of our Company will not change following the merger. In addition, ASC's stockholder, AMC, will be issued additional shares of Common Stock in connection with the merger having the same rights as you do with respect to your shares of Common Stock.
- The merger will not result in any change in the two-class structure of our capital stock and both Common Stock and Class A Common Stock will remain outstanding.

#### Vote Requirements

- Under Delaware Law, we are required to seek your approval to (i) increase the number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) to designate such newly-authorized shares as shares of Common Stock because such actions require amendments to our certificate of incorporation. Please read the section entitled, "*Proposal No 1: Amendment to The Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Capital Stock and Designate such Newly-Authorized Shares as Shares of Common Stock*" on page 12 of this document.
- Under the listing rules of the New York Stock Exchange, we are required to seek your approval for the issuance of the 67,207,640 shares of our Common Stock in connection with the merger because they represent a greater than 20% increase in our outstanding capital stock and because they are being issued to a substantial security holder. Please read the section entitled, "*Proposal No. 2: Approval of the Issuance of Common Stock in the Merger*" on page 13 of this document.
- Under Delaware Law, we are required to seek your approval to change the composition and responsibilities of certain committees of our board of directors because such action requires amendments to our certificate of incorporation. Please read the section entitled, "*Proposal No 3: Amendment to the Restated Certificate of Incorporation to Change the Composition and Responsibilities of Certain Committees of the Board of Directors*" on page 14 of this document.

#### Federal Tax Treatment

- The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the U.S. Internal Revenue Code, as explained more fully on page 46 of this document under the caption, "*Description of the Agreement and Plan of Merger—Material United States Federal Income Tax Consequences of the Merger.*"

- The distribution of the aggregate \$100 million transaction dividend will give rise to ordinary dividend income to the extent paid out of our current or accumulated earnings and profits, as explained more fully on page 47 of the document under the caption, "*Description of the Agreement and Plan of Merger—Material United States Federal Income Tax Consequences, Tax Consequences of the \$100 Million Distribution.*"

### Accounting Treatment

The merger shall be accounted for on a historical carryover basis in a manner similar to the "pooling-of-interests" method of accounting. For further information, see "*Description of the Agreement and Plan of Merger—Accounting Treatment*" on page 46 of this document.

### Conditions to the Merger

The completion of the merger depends upon the satisfaction of a number of conditions set forth in the Agreement and Plan of Merger, including, but not limited to, the following:

- Approval by our stockholders of Proposal No. 1 authorizing an amendment to our restated certificate of incorporation to (i) increase the number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) designate such newly-authorized shares as shares of Common Stock;
- Approval by our stockholders of Proposal No. 2 authorizing the issuance of the 67,207,640 newly-authorized shares of our Common Stock in the merger;
- Approval by our stockholders of Proposal No. 3 authorizing an amendment to our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors;
- Payment of a cash transaction dividend in the aggregate amount of \$100 million to holders of our Common Stock and Class A Common Stock prior to the closing, which we declared on January 31, 2005 to be paid on March 1, 2005;
- Contribution by AMC of all of its ownership in Minera México to ASC, which was effective as of October 18, 2004;
- Refinancing of \$600,000,000 of Minera México's indebtedness, which was completed on October 29, 2004;
- Minera México and its subsidiaries' net indebtedness (plus minority interests) does not exceed \$1,000,000,000;
- Absence of any injunction or prohibition against the merger issued by a court or government agency; and
- Receipt of any necessary approvals from governmental entities in connection with the merger.

For further information, see "*Description of the Agreement and Plan of Merger—Conditions to the Merger*" on page 41 of this document.

### Possible Termination of the Transaction

Either we or ASC may call off the merger under certain circumstances described in the Agreement and Plan of Merger, including, but not limited to, if:

- We both consent:

- There is any law or final, non-appealable governmental injunction, order or decree that prevents completion of the merger;
- The merger is not completed on or before June 21, 2005;
- Our stockholders do not approve Proposal No. 1 authorizing an amendment to our restated certificate of incorporation to (i) increase the number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) designate such newly-authorized shares as shares of Common Stock;
- Our stockholders do not approve Proposal No. 2 authorizing the issuance of the 67,207,640 newly-authorized shares of our Common Stock in the merger; or
- Our stockholders do not approve Proposal No. 3 authorizing an amendment to our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors.

For further information, see *"Description of the Agreement and Plan of Merger—Termination of the Transaction"* on page 42 of this document.

### **Completion of the Merger**

The merger will become effective when we file a Certificate of Merger with the Delaware Secretary of State, which will occur as soon as practicable following the satisfaction or waiver of all of the conditions to the merger. For further information, see *"Description of the Agreement and Plan of Merger—Completion of Merger"* on page 49 of this document.

### **The Special Committee**

Grupo México is, indirectly, our largest stockholder. Through its wholly-owned subsidiaries, AMC and SPHC II Incorporated, it owns approximately 54.2% of our capital stock and approximately 65.8% of our Class A Common Stock. In addition, Grupo México has the right, through our certificate of incorporation and a stockholders agreement, to nominate a majority of our board of directors. For more information regarding Grupo México, see *"Security Ownership of Certain Beneficial Owners and Management"* on page 63 of this document.

On February 3, 2004, Grupo México presented a proposal to our board of directors regarding the possible sale to us of Grupo México's shares in its indirect subsidiary, Minera México, representing approximately 99.1463% of Minera México's outstanding shares, in return for the issuance of additional shares of our Common Stock.

In response, we formed a special committee of disinterested directors comprised of members of our board of directors to evaluate whether the proposed transaction was in the best interest of our stockholders. For further information, see *"The Merger—Background of the Merger"* on page 16 of this document.

On October 21, 2004, the special committee, after an extensive review and thorough discussion of all facts and issues it considered relevant with respect to the proposed acquisition of Minera México, concluded unanimously to recommend that our board of directors approve the Agreement and Plan of Merger and related transaction documents and to determine that the transaction was advisable, fair and in the best interests of our stockholders (other than AMC and its affiliates). For further information, see *"The Merger—Background of the Merger: Factors Considered by the Special Committee"* on page 27 of this document.



### Opinion of the Special Committee's Financial Advisor, Goldman, Sachs & Co.

Goldman, Sachs & Co., or Goldman Sachs, delivered an oral opinion to the special committee, subsequently confirmed in writing, to the effect that, as of October 21, 2004, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange of 67,207,640 newly-issued shares of our Common Stock for 99.1463% of the outstanding shares of Minera México currently owned by ASC, pursuant to the Agreement and Plan of Merger was fair from a financial point of view to our company.

The full text of the written opinion of Goldman Sachs, dated October 21, 2004, which sets forth the assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Goldman Sachs provided its opinion for the information and assistance of the special committee in connection with its consideration of the merger. Goldman Sachs' opinion is not a recommendation as to how any holder of our Common Stock or Class A Common Stock should vote with respect to the merger.

### Risk Factors

In deciding whether to vote in favor of the three proposals discussed herein, you should read carefully this proxy statement and the documents to which we refer you. You should also carefully consider the following factors related to the merger:

- The benefits of the combination may not be realized; and
- Fluctuations in the relative values of each of the companies could have an effect on the value and the parity of the merger consideration.

In addition, you should also consider the following factors associated with Minera México's business and certain factors relating to Mexico and elsewhere, which may adversely affect Minera México's business, results of operations and financial condition:

- Fluctuations in the market price of the metals that Minera México produces may significantly affect its financial performance;
- Despite the refinancing of Minera México's indebtedness, its financial condition and liquidity may not improve;
- Minera México may be adversely affected by the imposition of more stringent environmental regulations that would require it to spend additional funds;
- Certain facilities near urban centers may be subject to certain restrictions in their operations.
- Minera México's actual reserves may not conform to current expectations;
- Metals exploration efforts are highly speculative in nature and may be unsuccessful;
- There is uncertainty as to the termination and renewal of Minera México's concessions;
- Mexican economic and political conditions may have an adverse impact on Minera México's business;
- Inflation, restrictive exchange control policies and devaluation of the peso may adversely affect Minera México's financial condition and results of operations; and
- Developments in other emerging market countries and in the United States may adversely affect the market value of Minera México.

For further information, see "*Risk Factors*" beginning on page 50 of this document.

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## A WARNING ABOUT FORWARD-LOOKING INFORMATION

Forward-looking statements made in this document, and in certain documents referred to in this document, are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our management and on information currently available to our management. Forward-looking statements include the information concerning possible or assumed future results of our operations set forth under "*Unaudited Pro Forma Combined Condensed Financial Information*," included in Annex D of this document, and statements preceded by, followed by or that include the words "will," "believes," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions, including statements regarding the special meeting, the anticipated effects of the merger, the intention that the merger be a tax-free reorganization and statements under the heading "*The Merger - Factors Considered by the Special Committee*." Such statements are subject to risks relating, among other things, to the ability to complete the merger and effectively operate the combined companies, general U.S. and international economic and political conditions, the cyclical and volatile prices of copper, other commodities and supplies, including fuel and electricity, availability of materials, insurance coverage, equipment, required permits or approvals and financing, the occurrence of unusual weather or operating conditions, lower than expected ore grades, water and geological problems, the failure of equipment or processes to operate in accordance with specifications, failure to obtain financial assurance to meet closure and remediation obligations, labor relations, litigation and environmental risks, as well as political and economic risk associated with foreign operations. Results of operations are directly affected by metals prices on commodity exchanges, which can be volatile.

Our management believes that these forward-looking statements are reasonable. You should not, however, place undue reliance on such forward-looking statements, which are based on current expectations.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results and stockholder values following completion of the merger may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. All forward-looking statements and risk factors included in this document are made as of the filing date hereof, based on information available to us as of the filing date hereof, and we assume no obligation to update any forward-looking statement or risk factor.

## SPECIAL MEETING INFORMATION

### General

This proxy statement and the accompanying form of proxy are being furnished as part of the solicitation by our board of directors of the proxies of all holders of our Common Stock and Class A Common Stock entitled to vote at the special meeting to be held on March 28, 2005, and at any adjournment thereof. This proxy statement and the enclosed form of proxy are being mailed commencing on or about February 28, 2005, to holders of our Common Stock and Class A Common Stock of record on February 10, 2005. Additional copies will be available at the Company's offices in the United States, Lima and other locations in Peru.

Any proxy in the enclosed form given pursuant to this solicitation, that is properly marked, dated, executed, not revoked and received in time for the special meeting will be voted with respect to all shares represented by it and in accordance with the instructions, if any, given in such proxy. **If we receive a signed proxy with no voting instructions given, such shares will be voted FOR (i) the proposal to amend our restated certificate of incorporation to increase the number of authorized shares of our capital stock and designate such newly-authorized shares as shares of Common Stock, (ii) the proposal to issue the newly-authorized shares of Common Stock in the merger and (iii) the proposal to amend our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors.**

### Revocability of Proxies

Any proxy may be revoked at any time prior to the exercise thereof by (i) voting in person at the special meeting, (ii) submitting written notice of revocation to the secretary prior to the special meeting or (iii) by submitting another proxy with a later date that is properly executed. Attendance at the special meeting in and of itself will not revoke a prior proxy.

### Solicitation of Proxies

We will bear the cost of this solicitation. In addition to soliciting proxies by mail, our directors and officers may solicit proxies in person or by telephone or e-mail.

We will also reimburse brokers, fiduciaries, custodians and other nominees, as well as persons holding stock for others who have the right to give voting instructions, for out-of-pocket expenses incurred in forwarding this proxy statement and related materials to, and obtaining instructions or authorizations relating to such materials from, beneficial owners of our capital stock. We will pay for the cost of these solicitations, but these individuals will receive no additional compensation for these solicitation services.

### Record Date

The outstanding shares of our capital stock consist of Common Stock and Class A Common Stock. The close of business on February 10, 2005 has been fixed as the record date for determining the holders of shares of our Common Stock and Class A Common Stock entitled to notice of and to vote at the special meeting. As of February 10, 2005, we had 14,324,208 shares of Common Stock and 65,900,833 shares of Class A Common Stock outstanding. Each share of Common Stock and Class A Common Stock outstanding on the record date is entitled to vote at the Special Meeting.

## Vote Required

The presence in person or by proxy of the holders of record of a majority of the combined voting power of our outstanding shares of Common Stock and Class A Common Stock entitled to vote at the special meeting will constitute a quorum for purposes of voting on the proposals at the special meeting. Abstentions and broker "non-votes" will be counted for quorum purposes. A broker "non-vote" occurs when a broker submits a proxy card with respect to shares of Common Stock held in a fiduciary capacity (typically referred to as being held in "street name") but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. In accordance with our restated certificate of incorporation, except with respect to the election of directors or as required by law, the holders of our Common Stock and the holders of Class A Common Stock vote together as a single class. Except as set forth below, each share of Common Stock is entitled to one vote per share and each share of Class A Common Stock is entitled to five votes per share on matters submitted to the vote of stockholders voting as one class.

When a holder of Common Stock participates in the Dividend Reinvestment Plan applicable to our Common Stock, his or her proxy to vote shares of Common Stock will include the number of shares held for him by The Bank of New York, the agent under the plan. If the holder of Common Stock does not send any proxy, the shares held for his or her account in the Dividend Reinvestment Plan will not be voted. Shares of Common Stock, owned under the Company's Savings Plan, will be voted by the trustee under the plan in accordance with the instructions contained in the proxy submitted by the beneficial holder of Common Stock. Any shares held by the trustee for which no voting instructions are received will be voted by the trustee in the same proportion as the shares for which voting instructions have been received.

***Proposal No. 1: Amendment to the Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Capital Stock and Designate Such Newly-Authorized Shares as Shares of Common Stock***

The proposal to amend our restated certificate of incorporation to increase the number of authorized shares of our capital stock and designate such newly-authorized shares as shares of Common Stock will be approved if (i) the holders of at least two-thirds of the outstanding shares of our Common Stock and Class A Common Stock (calculated without giving effect to any super majority voting rights) vote in favor of the proposal and (ii) the majority of the total combined voting power of the outstanding shares of our Common Stock and Class A Common Stock entitled to vote thereon vote in favor of the proposal. Abstentions and broker "non-votes" will have the same effect as a vote "Against" this proposal.

***Proposal No. 2: Issuance of Common Stock in the Merger***

Our Common Stock is listed on the New York Stock Exchange. In accordance with New York Stock Exchange listing requirements, the proposal to issue shares of Common Stock in the merger pursuant to the Agreement and Plan of Merger requires the affirmative vote of the holders of a majority of shares of Common Stock and Class A Common Stock cast on such proposal provided that the total vote cast on the proposal represents over 50% of the total combined voting power of the outstanding shares of Common Stock and Class A Common Stock entitled to vote on the proposal. Abstentions will have the same effect as votes "Against" the proposal; however, broker "non-votes" will be disregarded and will have no effect on the proposal.

***Proposal No. 3: Amendments to the Restated Certificate of Incorporation to Change the Composition and Responsibilities of Certain Committees of our Board of Directors***

The proposal to amend our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors will be approved if a majority of total combined voting power of the outstanding shares of Common Stock and Class A Common Stock vote in favor of this proposal. Abstentions and broker "non-votes" will have the same effect as a vote "Against" this proposal.

**Arrangements With Respect to the Vote**

We understand that AMC, which indirectly owns 43,348,949 shares of Class A Common Stock, representing approximately 54.2% of our outstanding capital stock, intends to cause all of the shares beneficially owned by it to be voted in favor of each of the three proposals. This vote by AMC is sufficient to approve each of the proposals, except for the first required vote under Proposal No. 1, which requires a two-thirds vote (without giving effect to the super-majority voting rights of our Class A Common Stock).

In addition, pursuant to information contained in amendments to Schedules 13D filed by AMC and Cerro Trading Company, Inc., which we refer to as Cerro, on October 21, 2004 AMC and Cerro entered into a letter agreement pursuant to which, among other matters, both AMC and Cerro expressed their current intent to (i) submit their proxies to vote in favor of the three proposals discussed in this proxy statement and (ii) to take all action reasonably necessary to effect simultaneously with the closing of the merger the conversion of their shares of Class A common stock into a single class of capital stock. We currently anticipate that the merger will not result in any change in the two-class structure of our capital stock and both Common Stock and Class A Common Stock will remain outstanding. We understand that AMC and Cerro will not voluntarily convert their shares of Class A Common Stock unless all shares of Class A Common Stock are simultaneously converted. In addition, in the event that the special committee withdraws its recommendation to our board of directors approving the merger and the related transactions, Cerro agreed that it would not submit its proxy to vote in favor of the three proposals. Since Cerro owns approximately 11.9% of our capital stock, the vote of Cerro pursuant to the letter agreement plus the vote of AMC, as discussed above, would be sufficient to approve the first required vote for Proposal No. 1. Harold Handelsman, one of the members of the special committee, is a designee of Cerro on our board of directors.

The letter agreement between AMC and Cerro also provides that AMC would use its reasonable best efforts to cause us to enter into a registration rights agreement with Cerro. Such registration rights agreement will require us, as promptly as practicable after the closing of the merger, to file a shelf registration covering the sale of all of Cerro's shares of our Common Stock, which sales may only be effected through underwritten offerings sponsored by us during the first six months following the effectiveness of the shelf registration, which we refer to as the initial six month period.

The letter agreement also provides that Cerro will not sell its shares of Common Stock, other than through a secondary offering effected pursuant to the registration rights agreement, from the closing of the merger until the earlier of (i) the end of the initial six month period and (ii) eight months after the closing of the merger. Notwithstanding the foregoing, Cerro is permitted to dividend or otherwise transfer all or any portion of its shares of our Common Stock to its parent, and Cerro and its parent corporation are each permitted to dividend or otherwise transfer all or any portion of such shares to the parent corporation's trust shareholders and/or beneficiaries of such trusts; provided, however, that such parent corporation, trust shareholders and/or beneficiaries, as the case may be, must first agree to be bound by the terms of the letter agreement. During the period described above, Cerro also agrees that the maximum number of shares of our Common Stock that it will sell will be subject to certain volume limitations that will be set forth in the registration rights agreement. Additionally, Cerro agrees

that other than pursuant to an offering effected in accordance with the proposed registration rights agreement, it will not, following the closing of the merger, knowingly sell its shares of our Common Stock to any strategic buyers or competitors of our company without AMC's prior approval, which approval shall not be unreasonably withheld.

The letter agreement also provides that AMC will not sell, and will use its best efforts to prevent its affiliates from selling, shares of our Common Stock, from the closing of the merger until the earlier of (i) the end of the initial six month period and (ii) eight months after the closing of the merger. AMC further agrees to use its reasonable best efforts to cause our company to not conduct a primary offering of our shares of Common Stock during the first six months following the closing of the merger, subject to our right to issue shares in connection with acquisitions, mergers, business combinations, applicable benefit plans and other similar transactions.

Pursuant to information contained in amendments to Schedules 13D filed by AMC and Phelps Dodge Corporation, on December 22, 2004, AMC and Phelps Dodge Corporation entered into a letter agreement pursuant to which, among other matters, both AMC and Phelps Dodge Corporation expressed their current intent to (i) submit their proxies to vote in favor of the three proposals discussed in this proxy statement and (ii) to take all action reasonably necessary to effect simultaneously with the closing of the merger the conversion of their shares of Class A common stock into a single class of capital stock. We currently anticipate that the merger will not result in any change in the two-class structure of our capital stock and both Common Stock and Class A Common Stock will remain outstanding. We understand that AMC and Phelps Dodge Corporation will not voluntarily convert their shares of Class A Common Stock unless all shares of Class A Common Stock are simultaneously converted. Since Phelps Dodge Corporation, through its wholly-owned subsidiaries Phelps Dodge Overseas Capital Corporation, which we refer to as Phelps Overseas, and Climax Molybdenum B.V., owns approximately 13.96% of our capital stock, the vote of Phelps Dodge Corporation pursuant to the letter agreement plus the vote of AMC and Cerro, as discussed above, would be sufficient to approve the first required vote for Proposal No. 1.

The letter agreement between AMC and Phelps Dodge Corporation also provides that AMC would use its reasonable best efforts to cause us to enter into a registration rights agreement with Phelps Dodge Corporation. Such registration rights agreement will require us, as promptly as practicable after the closing of the merger, to file a shelf registration covering the sale of all of Phelps Dodge Corporation's shares of our Common Stock, which sales may only be effected through underwritten offerings sponsored by us during the first six months following the effectiveness of the shelf registration, which we refer to as the initial six month period.

The letter agreement also provides that Phelps Dodge Corporation will not sell its shares of Common Stock, other than through a secondary offering effected pursuant to the registration rights agreement, from the closing of the merger until the earlier of (i) the end of the initial six month period and (ii) eight months after the closing of the merger. Notwithstanding the foregoing, Phelps Dodge is permitted to dividend or otherwise transfer all or any portion of its shares of our Common Stock to its parent, and Phelps Dodge and its parent corporation are each permitted to dividend or otherwise transfer all or any portion of such shares to the parent corporation's trust shareholders and/or beneficiaries of such trusts; provided, however, that such parent corporation, trust shareholders and/or beneficiaries, as the case may be, must first agree to be bound by the terms of the letter agreement. During the period described above, Phelps Dodge Corporation also agrees that the maximum number of shares of our Common Stock that it will sell will be subject to certain volume limitations that will be set forth in the registration rights agreement. Additionally, Phelps Dodge Corporation agrees that other than pursuant to an offering effected in accordance with the proposed registration rights agreement, it will not, following the closing of the merger, knowingly sell its shares of our Common Stock to any strategic buyers or competitors of our company without AMC's prior approval, which approval shall not be unreasonably withheld.

The letter agreement also provides that AMC will not sell, and will use its best efforts to prevent its affiliates from selling, shares of our Common Stock, from the closing of the merger until the earlier of (i) the end of the initial six month period and (ii) eight months after the closing of the merger. AMC further agrees to use its reasonable best efforts to cause our company to not conduct a primary offering of our shares of Common Stock during the first six months following the closing of the merger, subject to our right to issue shares in connection with acquisitions, mergers, business combinations, applicable benefit plans and other similar transactions.

### **Householding of Special Meeting Materials**

Some brokers and other nominee record holders may be participating in the practice of "householding" proxy statements. This means that only one copy of this proxy statement may have been sent to multiple stockholders in a stockholder's household. We will promptly deliver a separate copy of this proxy statement to any stockholder who contacts our investor relations department at (011) +511 372-1414 requesting a copy. If you are receiving multiple copies of the proxy statement at your household and would like to receive a single copy of proxy statements in the future, you should contact your broker, other nominee record holder, or our investor relations department to request mailing of a single copy of the proxy statement.

### **PROPOSAL NO. 1: AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF CAPITAL STOCK AND DESIGNATE SUCH NEWLY-AUTHORIZED SHARES AS SHARES OF COMMON STOCK**

#### **General**

On October 21, 2004, our board of directors unanimously adopted a resolution recommending that our stockholders approve an amendment to our restated certificate of incorporation to (i) increase the aggregate number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) designate such newly-authorized shares to be classified as shares of Common Stock. We encourage you to carefully read the entire text of this amendment, which is included in Annex C to this proxy statement.

If approved by you, this proposed amendment will become effective upon the filing of a Certificate of Amendment of Certificate of Incorporation with the Delaware Secretary of State.

#### **Purpose and Effect of the Amendment**

Pursuant to our restated certificate of incorporation, the total number of shares of capital stock that we are authorized to issue is 100,000,000, par value \$0.01 per share. Of those shares, 34,099,167 are designated as shares of Common Stock and 65,900,833 are designated as shares of Class A Common Stock. As of January 31, 2005, 14,116,552 shares of Common Stock and 65,900,822 shares of Class A Common Stock were issued and outstanding. In connection with the merger, we are obligated to issue 67,207,640 shares of our Common Stock to AMC. Based upon the foregoing number of authorized shares and shares of Common Stock remaining for issuance, we currently do not have enough authorized and unissued shares to issue the shares required under the Agreement and Plan of Merger. Therefore, it is necessary for us to increase the number of our authorized shares by 67,207,640 and designate such shares as shares of Common Stock.

If you approve the proposed amendment to our restated certificate of incorporation, we will have a total of 167,207,640 authorized shares of capital stock. Of those shares, 101,306,807 will be designated as shares of Common Stock. If the merger is completed, we would have 81,324,192 shares of Common Stock issued and outstanding. The number of shares of Class A Common Stock issued and outstanding will not change. We currently anticipate that the merger will not result in any change in the two-class



structure of our capital stock and both Common Stock and Class A Common Stock will remain outstanding.

Our board of directors believes that it is in our best interests to increase the number of authorized shares of stock and designate such shares as Common Stock in order to provide the consideration required under the terms of the Agreement and Plan of Merger. When issued, the additional shares of Common Stock will have the same rights and privileges as the shares of Common Stock currently authorized and outstanding. No holder of any of our shares of Common Stock or Class A Common Stock has preemptive rights. Therefore, no stockholder will have any preferential right to purchase any additional shares of our Common Stock when the new shares are issued in connection with the merger.

The foregoing proposed amendment to our restated certificate of incorporation must be approved before the merger can be completed. Our board of directors believes that it is in our best interests for the stockholders to approve the proposed amendment.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* APPROVAL OF PROPOSAL NO. 1 TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF CAPITAL STOCK AND DESIGNATE SUCH SHARES TO BE CLASSIFIED AS SHARES OF COMMON STOCK**

**PROPOSAL NO. 2: APPROVAL OF THE ISSUANCE OF COMMON STOCK IN THE MERGER**

**General**

We have approved an Agreement and Plan of Merger which provides that our new subsidiary, SPCC Merger Sub, will merge with and into ASC. ASC, as the surviving corporation in the merger, will become our wholly-owned subsidiary. As a result of the merger, ASC's stockholder, AMC, will have the right to receive shares of our Common Stock as described herein. We encourage you to carefully read the entire Agreement and Plan of Merger, which we have included as Annex A to this proxy statement, for more detailed information.

**New York Stock Exchange Stockholder Approval Requirement**

New York Stock Exchange rules require that our stockholders approve the issuance of our Common Stock in connection with the merger because the 67,207,640 newly-authorized shares to be issued will (i) result in a greater than 20% increase in the number of shares of Common Stock outstanding (calculated by giving effect to the 1:1 conversion ratio of our Class A Common Stock) and (ii) be issued to AMC, which is a substantial security holder of us.

The foregoing proposed issuance of our Common Stock must be approved before the merger can be completed. Our board of directors believes that it is in our best interests for the stockholders to approve the proposed amendment.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* PROPOSAL NO. 2 TO APPROVE THE ISSUANCE OF OUR COMMON STOCK IN THE MERGER**

**PROPOSAL NO. 3: AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO CHANGE  
THE COMPOSITION AND RESPONSIBILITIES OF CERTAIN COMMITTEES OF THE BOARD OF  
DIRECTORS**

**General**

On October 21, 2004, our board of directors unanimously adopted resolutions recommending that our stockholders approve an amendment to our restated certificate of incorporation which, if implemented, would change the composition and responsibilities of certain committees of our board of directors. Below is a summary of the amendment. However, we encourage you to carefully read the entire text of this amendment, which is included as Annex C to this proxy statement.

If approved by you, this amendment will become effective upon the filing of a Certificate of Amendment of Certificate of Incorporation with the Delaware Secretary of State.

**Special Independent Directors/Special Nominating Committee**

The proposed amendment to our restated certificate of incorporation requires our board of directors to include a certain number of special independent directors. A special independent director is a person who (i) satisfies the independence standards of the New York Stock Exchange (or any other exchange or association on which our Common Stock is listed) and (ii) is nominated by a special nominating committee of our board of directors. Any individual nominated by holders of our Class A Common Stock (other than Grupo México) is considered to be a special independent director. A special independent director may only be removed from the board of directors for cause.

The number of special independent directors on the board of directors at any given time shall equal (a) the total number of directors on the board of directors multiplied by (b) the percentage of Common Stock owned by all of our stockholders (other than Grupo México and its affiliates), rounded up to the next whole number. Notwithstanding the foregoing, the total number of persons nominated as special independent directors and the number of directors nominated by holders of our Class A Common Stock (other than Grupo México), cannot be less than two or greater than six.

To nominate persons to stand for election as special independent directors and fill any vacancies of special independent directors, the proposed amendment requires us to establish a special nominating committee. The special nominating committee is required to consist of three of our directors, two (2) of whom will be Luis Miguel Palomino and Carlos Ruiz Sacristán (each an "Initial Member" and, together with their successors, "Special Designees") and such other director, who will initially be Oscar González Rocha, as may be appointed by the board of directors or the "Board Designee". The Board Designee will be selected annually by the board of directors. The Special Designees will be selected annually by the members of the board who are special independent directors or Initial Members. Only special independent directors can fill vacancies on the special nominating committee. Any member of the special nominating committee may be removed at any time by the board of directors for cause. The unanimous vote of all members of the nominating committee will be necessary for the adoption of any resolution or the taking of any action.

Notwithstanding the foregoing, the power of the special nominating committee to nominate special independent directors is subject to the rights of our stockholders to make nominations in accordance with our by-laws and the rights of holders of our Class A Common Stock to make nominations in accordance with the terms of their stockholders' agreement.

The provisions of this new amendment may only be amended by the affirmative vote of a majority of the holders of our Common Stock (calculated without giving effect to any super majority voting rights) other than Grupo México and its affiliates.

**Affiliate Transaction Committee**

The proposed amendment to the restated certificate of incorporation also prohibits us from engaging in any material affiliate transaction unless the transaction has been reviewed by a committee of at least three members of the board of directors each of whom satisfy the independence standards of the New York Stock Exchange (or any other exchange or association on which our Common Stock is listed). A material affiliate transaction is defined as a transaction, business dealing or material financial interest in any transaction, or any series of transactions between Grupo México or one of its affiliates (other than us or any of our subsidiaries), on the one hand, and us or one of our subsidiaries, on the other hand, that involves aggregate consideration of more than \$10,000,000.

The foregoing proposed amendment to our restated certificate of incorporation must be approved before the merger can be completed. Our board of directors believes that it is in our best interests for the stockholders to approve the proposed amendment.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF PROPOSAL NO. 3 TO AMEND  
THE RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE COMPOSITION AND  
RESPONSIBILITIES OF CERTAIN COMMITTEES OF THE BOARD OF DIRECTORS**

## THE MERGER

The terms, conditions and other provisions of the Agreement and Plan of Merger are the result of arms-length negotiations conducted by the special committee and AMC and its affiliates, with the assistance of their respective representatives. The following is a summary of the meetings, negotiations and discussions between the parties that preceded entering into the Agreement and Plan of Merger.

### Background of the Merger

From time to time during 2003, various executive officers of Grupo México participated in internal discussions regarding the strategic possibilities of combining its Mexican mining operations, conducted through Minera México, with its Peruvian mining operations conducted through our company. In September, 2003, Grupo México engaged UBS Investment Bank, or UBS, to provide advice with respect to a strategic transaction involving Minera México and us. After our October 2003 board meeting, certain of Grupo México's designees on our board of directors had an informal discussion with certain of our directors unaffiliated with Grupo México regarding the possible combination of the two companies. On January 30, 2004, Grupo México's board of directors resolved to make a formal presentation to our board of directors at our next board meeting, which was scheduled for February 3, 2004.

On February 3, 2004, Grupo México, our largest stockholder, presented a proposal at a regularly scheduled meeting of our board of directors regarding the possible sale to us of Grupo México's 99.1463% stake in Grupo México's subsidiary, Minera México, in return for the issuance to Grupo México of additional shares of our Common Stock. On February 4, 2004, we announced that Grupo México had made that proposal. Through its wholly-owned subsidiaries, AMC and SPHC II Incorporated, Grupo México owns approximately 54.2% of our capital stock and approximately 65.8% of our Class A Common Stock. In addition, Grupo México has the right, through our certificate of incorporation and a stockholders agreement, to nominate a majority of our board of directors.

In connection with this announcement, we also announced that our board of directors had established a special committee of disinterested directors to evaluate the proposal. The initial members of the special committee were Pedro-Pablo Kuczynski, Gilberto Perezalonso Cifuentes and Harold Handelsman, each of whom has no affiliation with Grupo México or any of its affiliates other than our company. Mr. Handelsman is a designee on our board of directors of one of our stockholders, Cerro.

At the February 3 meeting, Grupo México made a presentation to our board regarding the proposed transaction that indicated a \$4.3 billion enterprise value for Minera México and the assumption of approximately \$1.3 billion in net debt. Grupo México proposed that the consideration it would receive for the sale of Minera México would be the issuance to it of additional shares of our Common Stock, with the precise number of shares to be determined based upon the trading price of our Common Stock. Based on the January 29 closing price of our Common Stock, Grupo México indicated its proposal would result in the issuance to it of approximately 72 million shares of our Common Stock.

On February 12, our board of directors met by telephone to elect Carlos Ruiz Sacristán as a member of the board of directors to fill a position left vacant as a result of the resignation on October 24, 2003 of Daniel Tellechea Salido. Mr. Ruiz, who has no affiliation with Grupo México or any of its affiliates other than our company, was also appointed by our board to the special committee.

The members of the special committee met on a number of occasions in February 2004 to interview potential legal and financial advisors. After interviewing several potential legal and financial advisors, the special committee engaged Goldman Sachs to act as its financial advisor and Latham & Watkins LLP or Latham & Watkins to act as its United States legal advisor.

During one of these meetings in Miami, Florida on February 13, representatives of Latham & Watkins gave a detailed presentation to the members of the special committee regarding their fiduciary duties in connection with the proposed acquisition of Minera México and explained the role of the special committee in connection with the proposed transaction.

On February 16, Mr. Kucyzinski delivered a letter to our board of directors announcing his resignation as a member of the board of directors in order to accept the post of Minister of Economy and Finance of the Republic of Peru.

In late February, the special committee's legal advisors requested that Grupo México's legal advisors provide a detailed term sheet relating to Grupo México's proposal to sell Minera México to us.

The special committee met with Latham & Watkins and Goldman Sachs in Dallas, Texas on March 2. At that meeting, the members of the special committee appointed Mr. Ruiz as chairman of the special committee. The members of the special committee discussed with representatives of Goldman Sachs and Latham & Watkins the scope, objectives and timing of financial, operational and legal due diligence to be conducted on behalf of the special committee and representatives of Goldman Sachs reviewed with the special committee certain publicly available financial and operational information concerning Minera México and our company. At this meeting, the special committee also determined that it should obtain proposals from a number of mining consultants and Mexican law firms to assist the special committee in its evaluation of Grupo México's proposal.

On March 4, Mr. Ruiz sent a letter to Germán Larrea Mota-Velasco, the chairman of our board of directors and our chief executive officer, and Grupo México. In this letter, Mr. Ruiz requested that Grupo México provide the special committee with a term sheet for the proposed transaction containing sufficient detail for the special committee to begin its analysis of the proposed acquisition of Minera México. In this letter, Mr. Ruiz requested that Grupo México address, among other things:

- the proposed consideration to be received by Grupo México for Grupo México's interest in Minera México;
- the proposed structure and tax implications of the transaction;
- in light of statements made by Grupo México that the transaction would result in the creation of a single class of Common Stock, the proposed mechanism for creating a single class of Common Stock;
- the contemplated legal structure for the combined entity;
- the proposed treatment of Minera México's debt in the proposed transaction and whether Grupo México contemplated any refinancing at either AMC or Grupo México that would have an effect on the combined entity;
- whether Grupo México intended to make any proposals regarding the corporate governance of our company following completion of the proposed transaction; and
- whether Grupo México intended to make any proposals to provide liquidity for our principal minority stockholders.

On March 9, representatives of Goldman Sachs met with members of Grupo México's senior management and representatives of UBS, financial advisor to Grupo México. At that meeting, representatives of Grupo México and UBS made a presentation regarding their views of the strategic benefits of the proposed transaction to us, including anticipated operating synergies, cost savings and tax benefits they believed would result from the transaction. Grupo México, UBS and Goldman Sachs also discussed the anticipated process for structuring and negotiating any potential transaction as well as the anticipated timing of the due diligence process.

On March 11, the special committee met by telephone with representatives of Latham & Watkins and Goldman Sachs. Representatives of Goldman Sachs updated the special committee on their March 9 meeting with Grupo México and UBS. Mr. Ruiz noted that he had received a letter from Grupo México advising him that certain Peruvian pension funds holding approximately 7.7% of our capital stock had advised Grupo México that they proposed Luis Miguel Palomino Bonilla be elected to our board of directors to fill the position created by the resignation of Mr. Kuczynski on February 16.

Mr. Palomino was elected as a member of our board of directors on March 19. Mr. Palomino, who has no affiliation with Grupo México or any of its affiliates other than our company, was also appointed by our board of directors to the special committee.

After interviewing several Mexican law firms, on March 25, the special committee engaged the law firm of Mijares, Angoitia, Cortés y Fuentes SC, or Mijares, as Mexican counsel to advise the special committee.

On March 25, Grupo México delivered a term sheet relating to the proposed transaction to the special committee. In the term sheet, Grupo México proposed, among other things, that:

- the consideration to be paid by our company would be based on an enterprise value for Minera México of approximately \$4.3 billion;
- the transaction would be a tax-free reorganization for both United States and Mexican tax purposes;
- AMC would use reasonable efforts to cause the conversion of all of our high-vote Class A Common Stock into our one vote per share Common Stock;
- approximately \$765 million of Minera México's senior debt would be refinanced at or prior to closing of the proposed transaction; and
- Grupo México would consider agreeing to allow us to file a shelf registration statement covering the resale of shares held by Cerro and Phelps Dodge Overseas, our two largest stockholders after Grupo México, that hold, respectively, 9,498,088 and 11,173,796 shares of our Class A Common Stock.

The special committee met with representatives of Goldman Sachs and Latham & Watkins by telephone on April 1 to discuss the March 25 term sheet. During the meeting, representatives of Goldman Sachs reported to the special committee on a meeting they had with representatives of UBS regarding the March 25 term sheet. After discussion with the special committee's legal and financial advisors, the members of the special committee concluded that the term sheet did not provide sufficient detail or information for the special committee to evaluate Grupo México's proposal. In addition, representatives of Latham & Watkins reported that representatives of Milbank, Tweed, Hadley & McCloy LLP, or Milbank Tweed, Grupo México's legal advisors, had indicated that due diligence materials relating to Minera México were expected to become available in New York City and Mexico City beginning on April 12.

On April 2, Mr. Ruiz sent a letter to Mr. Larrea requesting additional information with respect to Grupo México's March 25 term sheet. In that letter, Mr. Ruiz explained that the special committee required, among other things:

- information regarding the number of shares of our Common Stock that Grupo México proposed be issued to it as consideration;
- detailed information regarding Minera México's outstanding indebtedness and the proposed treatment of Minera México's indebtedness in the transaction;

- sufficient information concerning the proposed structure of the transaction to enable the special committee's advisors to evaluate the tax implications of the transaction;
- a description of the proposed mechanism for creating a single class of Common Stock; and
- Grupo México's proposals regarding registration rights for Cerro and Phelps Dodge Corporation.

Additionally, in the April 2 letter, Mr. Ruiz encouraged Grupo México to consider making a proposal regarding corporate governance provisions for our minority stockholders following consummation of the proposed transaction.

During the week of April 12, the special committee's legal and financial advisors began their business, operational and financial due diligence review of Minera México. After interviewing several mining consulting firms, on April 14 the special committee engaged Anderson & Schwab, Inc., or Anderson & Schwab, to assist the special committee in its due diligence and evaluation of the proposed transaction. On April 16, representatives of Goldman Sachs and Anderson & Schwab met with members of Minera México's senior management at Minera México's headquarters in Mexico City to conduct a detailed review of Minera México's operations.

On April 21, the special committee met with representatives of Goldman Sachs, Latham & Watkins and Mijares to discuss the progress of legal, operational and financial due diligence.

From time to time in April, Mr. Ruiz and other members of the special committee spoke with Mr. Larrea to discuss the terms of the proposed transaction and the progress of legal, operational and financial due diligence. During these discussions, Mr. Larrea indicated that Grupo México was preparing a revised term sheet to address the questions and issues raised in Mr. Ruiz's April 2 letter.

On April 29, the members of the special committee met in Mexico City in advance of a regularly scheduled meeting of our board of directors. At that meeting, representatives of Latham & Watkins, Mijares, Goldman Sachs and Anderson & Schwab reported to the special committee on the progress they had made in their conduct of legal, operational and financial due diligence.

On May 7, Grupo México delivered a revised term sheet to the special committee. The term sheet provided additional information concerning the matters addressed in the March 25 term sheet, including:

- Grupo México proposed that for purposes of the transaction Minera México's enterprise value was approximately \$4.3 billion, consisting of an equity value of approximately \$3.1 billion and net debt of approximately \$1.2 billion (as of April 2004);
- Grupo México proposed that the number of shares of our Common Stock to be issued in the transaction for Minera México's \$3.1 billion of equity value would be calculated based on the 20-day average closing price of our Common Stock beginning 5 days prior to the closing of the transaction;
- the basic terms of a proposed refinancing of Minera México's indebtedness; and
- Grupo México proposed that the transaction would not provide for any special corporate governance provisions for our minority stockholders other than those provided under Delaware law and New York Stock Exchange rules.

The special committee met on May 13 by telephone with representatives of Latham & Watkins, Goldman Sachs and Mijares to discuss the revised term sheet and the progress of due diligence.

Legal, financial and operational due diligence continued throughout May and June.

On May 21, representatives of Goldman Sachs and Anderson & Schwab met with members of our senior management at our offices in Lima, Peru to conduct a detailed review of our operations.





On June 11, the special committee met in Miami, Florida to receive preliminary due diligence reports from Goldman Sachs, Anderson & Schwab, Latham & Watkins and Mijares. Representatives of Goldman Sachs discussed with the members of the special committee the May 7 term sheet, a preliminary financial review of Minera México and recent developments in the market for our Common Stock. Among other things, the special committee concluded that a floating exchange ratio based solely on the price of our Common Stock over a period of time immediately prior to the closing would not be an appropriate mechanism for determining the consideration to be paid by our company for Minera México. Because of the volatility of the trading prices of our Common Stock, the special committee was unwilling to accept any uncertainty in the number of shares to be issued as consideration. The members of the special committee also discussed with the special committee's advisors how issues that had been identified in due diligence might be addressed in any transaction. The members of the special committee also discussed with representatives of Goldman Sachs and Anderson & Schwab, and approved, adjustments to the projections for Minera México that were supplied by Minera México and Grupo México to reflect the average price forecasts for copper and molybdenum published by research analysts and to reflect modifications deemed appropriate in light of the diligence conducted by the special committee's advisors. The adjustments were based on a number of factors, including the historical performance of Minera México. Following discussion, the members of the special committee agreed that representatives of the special committee should meet with Mr. Larrea and inform him that the special committee had received a preliminary report from its advisors and that there were substantial differences between the views of the special committee and Grupo México regarding Grupo México's term sheet. The parties agreed to ask their respective financial advisors to meet and discuss the respective views of the special committee and Grupo México with regard to the appropriate valuation of Minera México.

Representatives of Goldman Sachs met with representatives of UBS on June 16 to discuss the respective views of the special committee and Grupo México with regard to the appropriate valuation of Minera México, including issues regarding commodity price assumptions, tax assumptions and the need for adjustments, based on the advisors' operational due diligence, to the financial projections of Minera México that had been provided to the special committee's advisors in the due diligence process. During this meeting, representatives of Goldman Sachs also informed UBS that the special committee believed that the parties should agree on a different mechanism for setting the exchange ratio than that proposed by Grupo México, with one possibility being a fixed exchange ratio to determine the number of shares of Common Stock to be issued in a transaction, so that the number of shares would not change as the price of our Common Stock fluctuated.

The special committee met by telephone with representatives of Goldman Sachs, Latham & Watkins and Mijares on June 23. During this meeting, representatives of the special committee's advisors updated the members of the special committee regarding the progress of legal, financial and operational due diligence and Goldman Sachs updated the special committee on its discussions of valuation with UBS. Representatives of Latham & Watkins made a presentation to the special committee regarding corporate governance mechanisms that might be implemented after the closing of the proposed transaction in order to provide protection to our minority stockholders in addition to the basic protections provided under Delaware law and New York Stock Exchange rules. Representatives of Goldman Sachs discussed with the members of the special committee recent developments in the market for our Common Stock, a preliminary financial review of our company and certain portions of Minera México's operations.

Throughout June and July, representatives of Goldman Sachs spoke with representatives of UBS on numerous occasions to discuss the respective views of the special committee and Grupo México with respect to valuation issues, including views as to commodity prices, tax assumptions and adjustments to Minera México's economic model based on the special committee's operational due diligence. Also during this period, from time to time Mr. Ruiz and other members of the special committee spoke with

Mr. Larrea about the respective views of the special committee and Grupo México with respect to the valuations of Minera México and our company.

On July 2, UBS provided Goldman Sachs with discussion materials addressing Grupo México's views regarding significant valuation issues, including:

- metal price forecasts for copper and molybdenum;
- our operating projections (including an anticipated decline in our ore grades);
- the anticipated enhancement in our reserve and production profile as a result of the proposed transaction, including our acquisition of additional reserves, enhancement in our relative cost position resulting from commodity diversification into zinc and precious metals and a decrease in our volatility of earnings after the acquisition of Minera México due to a relatively lower exposure to molybdenum; and
- relative valuation and contribution considerations using various metrics and price assumptions.

The special committee met on July 8 to discuss recent developments in the negotiations with Grupo México and to receive a report from its advisors regarding the ongoing due diligence process. Representatives of Goldman Sachs updated the members of the special committee regarding their discussions with UBS, including the July 2 discussion materials provided by UBS.

The special committee discussed the possibility that Grupo México might offer Cerro and Phelps Dodge Corporation the opportunity to participate in a registered offering of our Common Stock following the completion of a transaction. After discussion with its legal and financial advisors, the members of the special committee concluded that the special committee would ask Grupo México to keep the special committee informed of the progress of any such discussions, but that the special committee would not otherwise involve itself in any discussions regarding registration rights.

Representatives of Latham & Watkins discussed with the members of the special committee a draft term sheet regarding proposed corporate governance provisions to be adopted by our company after the proposed acquisition of Minera México and the creation of a single class of Common Stock in order to protect our minority stockholders. The corporate governance term sheet, which was provided to Grupo México and its advisors later that week, provided for, among other things:

- proportional representation of minority stockholders on our board of directors through the election of independent directors;
- a requirement that the independent directors meet the New York Stock Exchange independence tests and be nominated by a special nominating committee;
- a requirement that related party transactions between Grupo México and its affiliates and our company be approved by either the audit committee of our board of directors or a related party transactions committee of our board of directors to be comprised of a majority of independent directors; and
- that we and Grupo México would each agree to use our respective best efforts to maintain our New York Stock Exchange listing for at least five years.

Several times over the following two weeks Mr. Ruiz and other members of the special committee spoke with Mr. Larrea regarding valuation issues. On July 20, Mr. Ruiz updated the members of the special committee and its advisors regarding these discussions in advance of a regularly scheduled meeting of our board of directors on July 21, 2004. At the July 20 special committee meeting, Goldman Sachs updated the members of the special committee regarding their recent valuation discussions with UBS. After discussion with its legal and financial advisors, the special committee decided to request that Grupo México submit a new proposal to the special committee that addressed its concerns relating



to valuation and corporate governance matters. At the subsequent July 21 board meeting, Mr. Ruiz updated the members of our board of directors on the status of discussions with Grupo México.

During late July and early August, representatives of Goldman Sachs and UBS spoke on several occasions to discuss the respective views of the special committee and Grupo México with respect to valuation issues. During these discussions, UBS indicated that, based on additional operational cost information relating to Minera México after consideration of the debt reduction that was occurring at Minera México, Grupo México believed the number of shares of our Common Stock to be issued as consideration for the acquisition of Minera México should be in excess of 80 million shares.

The special committee met on August 5 to discuss the substantial gap that remained between the exchange ratio for Minera México proposed by Grupo México and the special committee's views of an appropriate exchange ratio. Representatives of Goldman Sachs updated the members of the special committee on their recent discussions with UBS. After discussing alternative ways to reach agreement, the special committee decided that Mr. Ruiz would inform Mr. Larrea that the special committee had instructed Latham & Watkins and Goldman Sachs to negotiate with Grupo México's advisors over the next two weeks in an attempt to determine if the parties could reach agreement relating to Grupo México's proposal.

On August 21, Grupo México delivered a revised term sheet to the special committee. The August 21 term sheet proposed that we issue 67 million shares of our Common Stock as consideration for Grupo México's equity ownership of Minera México and responded to the special committee's corporate governance proposals. In the term sheet, Grupo México stated its proposal that 67 million shares be issued was made following several discussions between UBS and Goldman Sachs and "after an extraordinary effort to come to an agreement." The term sheet also provided that:

- there would be no more than six independent directors to represent our minority stockholders;
- the special nominating committee would be comprised of three directors, only one of whom would be an independent director;
- we would remain listed on the New York Stock Exchange or another major stock exchange; and
- the audit committee of our board of directors would have after-the-fact review (but not approval authority) of any related party transactions.

The August 21 term sheet indicated that, in order to increase the liquidity of our Common Stock, Grupo México would support our offering Cerro and Phelps Dodge Corporation the opportunity to participate in a registered offering of our Common Stock following the completion of the proposed transaction. Representatives of Goldman Sachs and Latham & Watkins spoke with their counterparts at UBS and Milbank Tweed on several occasions over the next few days regarding the August 21 term sheet.

The special committee met by telephone with Goldman Sachs, Latham & Watkins and Mijares on August 25. During this meeting, representatives of Goldman Sachs updated the special committee on their discussions with representatives of UBS regarding the August 21 term sheet, including valuation methodologies and exchange ratio mechanisms. Representatives of Goldman Sachs reported that Grupo México accepted the view of the special committee that the consideration to be issued to Grupo México in the proposed transaction would be based on a fixed number of shares of our Common Stock. Representatives of Goldman Sachs also discussed with the members of the special committee that UBS had provided additional operational and cost information relating to Minera México and our company and new information indicating a reduced level of indebtedness at Minera México. The additional operational and cost information and the revised level of indebtedness at Minera México indicated an increased relative valuation for Minera México. The members of the special committee

discussed with representatives of Goldman Sachs how the parties might be able to reach agreement based upon the revised valuation for Minera México.

Representatives of Latham & Watkins updated the special committee on their discussions with representatives of Milbank Tweed regarding the corporate governance proposals contained in the August 21 term sheet. The advisors to the special committee also reported on aspects of the ongoing diligence and discussed with members of the special committee how certain issues raised by due diligence might be dealt with in any transaction.

Also at that meeting, the special committee discussed the registration rights provisions in the August 21 term sheet and again decided that the special committee would inform Grupo México that it wanted to be kept informed of any discussions between Grupo México, on the one hand, and Cerro and Phelps Dodge, on the other hand, but that the special committee would not participate in the negotiations regarding proposed registration rights. The special committee decided to request that Grupo México discuss these issues directly with Cerro and Phelps Dodge.

On August 27, Mr. Ruiz received a letter from Phelps Dodge Corporation, an affiliate of our stockholder, Phelps Dodge Overseas, expressing its concerns with the proposed transaction and raising various issues regarding the quality of Minera México's assets and potential disadvantages to us that might result from the proposed transaction. On September 3, representatives of Goldman Sachs, Anderson & Schwab, Latham & Watkins and Mijares spoke with Phelps Dodge Corporation and its legal advisors concerning the issues raised in the Phelps Dodge Corporation letter in order to provide Phelps Dodge Corporation with an opportunity to fully explain its concerns so that the special committee could give appropriate consideration to Phelps Dodge's concerns.

On September 7, Milbank Tweed distributed a draft Agreement and Plan of Merger to Latham & Watkins.

On September 14, Mr. Ruiz and certain other members of the special committee, representatives of Goldman Sachs, Anderson & Schwab, Latham & Watkins and Mijares spoke with representatives of Phelps Dodge Corporation and its legal advisors to provide Phelps Dodge Corporation with an opportunity to address its concerns directly to the members of the special committee.

On September 15, the special committee met in Dallas, Texas to discuss the most significant business and legal issues raised by the draft Agreement and Plan of Merger, including:

- which Grupo México entities would be a party to the Agreement and Plan of Merger;
- the steps that would be required for the proposed transaction to qualify as a tax-free reorganization for Mexican tax purposes;
- the terms of the proposed refinancing of Minera México debt;
- the scope of Minera México's representations and warranties and the restrictions imposed on Minera México's operations prior to closing;
- whether the transaction would be subject to approval by a super-majority vote of our stockholders;
- the lack of any post-closing indemnities to be provided by Grupo México or its affiliates with respect to breaches of representations, warranties and covenants and other matters; and
- post-closing corporate governance protections.

During the meeting, the members of the special committee also discussed the number of shares of our Common Stock to be issued as consideration for the acquisition of Minera México and whether the Agreement and Plan of Merger should include provisions that would protect against fluctuations in the relative values of our company and Minera México.

On September 23, the special committee met with Latham & Watkins, Mijares and Goldman Sachs to review a revised draft of the Agreement and Plan of Merger and a term sheet that Latham & Watkins would provide to Milbank Tweed. Following this meeting, Latham & Watkins distributed a revised draft of the Agreement and Plan of Merger and a term sheet to Grupo México's advisors. The revised Agreement and Plan of Merger and term sheet proposed, among other things:

- that we issue to Grupo México 64 million shares of our Common Stock as consideration in the transaction;
- that Grupo México and its affiliates provide post-closing indemnification to us with respect to breaches of certain representations, warranties, covenants and other matters (including with respect to pre-closing environmental matters);
- that, in accordance with the August 21 term sheet, the aggregate amount of net debt at Minera México (plus minority interests) would not exceed \$1.105 billion as of the closing of the transaction;
- that Grupo México would use its best efforts to cause our company to continue to pay dividends to our stockholders in the ordinary course of business until the closing of the transaction;
- post-closing corporate governance protections for our company that would require, among other things:
  - the formation of a special nominating committee to nominate a proportional number of independent directors based on our minority stockholders' ownership in our Common Stock, with such committee being comprised of three directors, two of whom would be independent;
  - a board committee (which could be the audit committee), with a minimum of three members, comprised solely of independent directors would evaluate and review all related party transactions above a certain threshold prior to their consummation;
- that completion of the transaction be conditioned on approval by the majority of our minority stockholders (without giving effect to any super-majority voting rights); and
- that either Grupo México or our company would be entitled to terminate the agreement if the price of our Common Stock increased or decreased by more than 20% in the 20-day period prior to the third day prior to the meeting of our stockholders.

Over the next two weeks, the financial and legal advisors to the special committee and Grupo México continued to discuss significant business and legal issues that remained unresolved with respect to the proposed transaction and the legal advisors exchanged several drafts of the Agreement and Plan of Merger. The special committee met with Goldman Sachs, Latham & Watkins and Mijares on September 30 and October 1 to discuss the progress that had been made in resolving the outstanding issues and to discuss Grupo México's counterproposal that was delivered to the special committee's advisors. Some of the important issues that were conceptually resolved in the negotiations up to this point were:

- a special nominating committee would be formed to nominate a proportional number of independent directors (not to exceed 6 nor to be less than 2), with such committee being comprised of three directors, two of whom would be independent;
- the audit committee would evaluate and review in advance all related party transactions, above a certain threshold to be negotiated; and
- a concession by Grupo México that the aggregate amount of net debt at Minera México (plus minority interests) would not exceed \$1.0 billion as of the closing of the transaction, which

represented an increase in value to our stockholders from the special committee's proposal that Minera México's net debt be capped at \$1.105 billion.

On October 5, members of the special committee met with Mr. Larrea to discuss the remaining outstanding issues in the transaction, which included, among other things:

- the number of shares of our Common Stock to be issued to Grupo México in the transaction;
- the scope of the indemnity to be granted by AMC, the holding company for Grupo México's equity interest in Minera México, for pre-closing environmental matters;
- the vote of our stockholders that would be required to approve the transaction;
- limitations on AMC's post-closing indemnification obligations, including the amount of any deductible and the amount of the total indemnification obligation; and
- whether Grupo México would consent to use its best efforts to cause our company not to change its dividend policy until the closing of the transaction.

At this meeting, the special committee agreed with Grupo México's proposal that we would issue to Grupo México 67 million shares of our Common Stock as consideration in the transaction due to the fact that Grupo México agreed to make certain valuation concessions. These concessions included the previous agreement by Grupo México that the aggregate amount of net debt of Minera México (plus minority interests) that would be outstanding at the closing would not exceed \$1.0 billion and a new agreement by Grupo México that we would pay a transaction dividend to our stockholders of \$100 million dollars in the aggregate prior to the closing of the transaction (of which approximately 45.8% will be received by stockholders other than Grupo México), in addition to the regular quarterly dividend for the third quarter. Grupo México also agreed that AMC would indemnify us for certain pre-closing environmental matters and conditions of Minera México. During the meeting, Grupo México and Cerro agreed that, if the parties reached agreement with respect to the terms of the proposed transaction, both Grupo México and Cerro would indicate their intention to vote in favor of the transaction in the proxy statement to be sent to our stockholders.

However, a number of issues were not resolved at this meeting, including the minimum vote of disinterested shares that would be required to approve the transaction and the amount of any deductible and the overall limit of AMC's indemnification obligation.

On October 8, representatives of Latham & Watkins, Milbank Tweed and Grupo México met in New York to continue negotiating the provisions of the draft Agreement and Plan of Merger. Latham & Watkins consulted with the members of the special committee on numerous occasions during this meeting. At the meeting, the parties agreed that a vote of holders of 66<sup>2</sup>/<sub>3</sub>% of our Class A Common Stock and Common Stock (including Grupo México and with each share having one vote) in favor of the transaction would be required to approve the acquisition of Minera México and that the indemnification for pre-closing environmental matters would survive for five years after the closing. During the following week, Milbank Tweed and Latham & Watkins continued to negotiate the terms of the proposed corporate governance provisions and the language of certain provisions in the Agreement and Plan of Merger and the advisors exchanged drafts of disclosure schedules to the Agreement and Plan of Merger.

During the week of October 11, the special committee met with its legal and financial advisors several times to discuss the progress of negotiations. At a meeting on October 14, the members of the special committee also discussed with Goldman Sachs, Latham & Watkins, Mijares and Anderson & Schwab each of the issues raised by the August 27 Phelps Dodge Corporation letter. Following discussion with its advisors, the special committee concluded that the issues raised by Phelps Dodge Corporation had been considered in the valuation of Minera México or had been appropriately

addressed through due diligence or provisions in the transaction documentation relating to the proposed acquisition of Minera México.

On October 13, Grupo México advised the special committee that the term sheets provided to the special committee inaccurately indicated that Grupo México indirectly owned 98.84% of Minera México, whereas Grupo México actually indirectly owned 99.15% of Minera México. Following discussions with its legal and financial advisors, the special committee agreed to a proportionate increase in the number of shares of our Common Stock to be issued, from 67 million shares to 67.2 million shares to account for the increase in the equity of Minera México to be acquired by our company in this transaction. Grupo México also requested a proportionate increase in the number of shares to be issued to it as consideration if, between signing of the Agreement and Plan of Merger and closing of the transaction, Grupo México acquired any of the outstanding 0.85% minority interests in Minera México. The special committee did not agree to this request.

On October 18, the special committee met by telephone with Goldman Sachs, Latham & Watkins and Mijares to discuss the remaining open issues, which included the amount of the deductible and overall limit for AMC's post-closing indemnity and certain matters described in the Agreement and Plan of Merger disclosure schedules. Later that day, Mr. Ruiz met with Mr. Larrea and they agreed the amount of the indemnity deductible would be \$100 million and the limit on AMC's indemnity obligations would be \$600 million.

During the October 18 meeting, Mr. Handelsman informed the other members of the special committee that Cerro had received a letter from Grupo México indicating that we would be willing to provide registration rights to Cerro on certain terms and conditions, including Cerro's agreement to vote in favor of the proposed acquisition of Minera México. Mr. Handelsman provided a copy of the letter to the other members of the special committee and Latham & Watkins. On October 19, 2004, Cerro sent a draft of the letter agreement to Grupo México. On October 20, Mr. Ruiz and Mr. Larrea discussed whether Grupo México would be willing to include a provision in the Cerro agreement that Cerro would vote in accordance with the special committee's recommendation. It was agreed that Grupo México would be willing to amend the provisions of the draft Cerro agreement to reflect this understanding.

On October 21, the special committee met with its legal and financial advisors to consider the final terms of the Agreement and Plan of Merger and related documents. The special committee and its advisors discussed the results of negotiations between members of the special committee and the special committee's advisors and Grupo México's advisors that had occurred since the last meeting of the special committee on October 18. After discussion among the members of the special committee, Goldman Sachs, and Latham & Watkins, Cerro agreed that it would include a provision in the Cerro letter agreement that Cerro would vote in accordance with the special committee's recommendation. Thereafter, Cerro and Grupo México finalized the terms of, and executed, the letter agreement on October 21, 2004. For a more complete discussion of the material terms of the letter agreement, see "*Special Meeting Information - Arrangements With Respect to the Vote*" on page 10 of this document.

Representatives of Latham & Watkins gave a detailed presentation on the fiduciary duties of the special committee in connection with the proposed acquisition of Minera México and then reviewed the terms and conditions of the Agreement and Plan of Merger and related ancillary documents, copies of which had been provided to the members of the special committee in advance. Representatives of Goldman Sachs provided the special committee with a financial analysis of the proposed transaction and delivered to the special committee its oral opinion, which was subsequently confirmed in writing, that, as of October 21, 2004, and subject to the factors and assumptions contained in the written opinion of Goldman Sachs, the exchange of 67,207,640 newly-issued shares of our Common Stock for 99.1463% of the outstanding shares of Minera México owned by AMC, our controlling stockholder, pursuant to the Agreement and Plan of Merger, was fair from a financial point of view to our company.



The members of the special committee then met in executive session without the representatives of Latham & Watkins, Mijares and Goldman Sachs. At that time, Mr. Handelsman informed the other members of the special committee that he would initially abstain from voting on the special committee's recommendation to alleviate any issue of an appearance of a conflict of interest as a result of the registration rights anticipated to be granted to Cerro in connection with the transaction. The members of the special committee (other than Mr. Handelsman) then voted to recommend that our board of directors approve the Agreement and Plan of Merger and related transaction documents and determine that the transaction was advisable, fair and in the best interests of our stockholders. Mr. Handelsman then stated that he agreed with the special committee's recommendation and all of the members of the special committee voted unanimously to recommend that our board of directors approve the Agreement and Plan of Merger and related transaction documents and determine that the transaction was advisable, fair and in the best interests of our stockholders.

After the special committee meeting, the special committee, with its legal and financial advisors participating, met with members of our audit committee and reported its review of the proposed acquisition, findings and recommendation to the audit committee of our board of directors. Latham & Watkins and Goldman Sachs also made a presentation.

Immediately after the audit committee meeting, the special committee, with its legal and financial advisors participating, met with the board of directors and reported its review of the proposed acquisition, findings and recommendation to our board of directors. Latham & Watkins and Goldman Sachs also made a presentation. Our board of directors reviewed the terms of the Agreement and Plan of Merger and related transaction documents and considered, among other things, the report of the special committee and the presentations by Latham & Watkins and Goldman Sachs and resolved:

- that the Agreement and Plan of Merger and the related transaction documents are advisable, fair and in the best interests of our stockholders;
- to recommend that our stockholders approve an amendment to our restated certificate of incorporation to (i) increase the aggregate number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) designate such newly-authorized shares to be classified as shares of Common Stock;
- to recommend that our stockholder approve the issuance of the 67,207,640 shares of our Common Stock in connection with the merger; and
- to recommend that our stockholders approve an amendment to our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors.

Following the meeting of our board of directors, representatives from Latham & Watkins and Milbank Tweed met and the Agreement and Plan of Merger was finalized and executed.

On October 21, 2004, we and Grupo México jointly issued a press release announcing the execution of the Agreement and Plan of Merger.

On December 22, 2004, AMC and Phelps Dodge Corporation executed a letter agreement similar to the October 21<sup>st</sup> letter agreement between Cerro and AMC. For a more complete discussion of the material terms of the letter agreement, see *"Special Meeting Information—Arrangements With Respect to the Vote"* on page 10 of this document.

### **Factors Considered by the Special Committee**

On October 21, 2004, the special committee, after an extensive review and thorough discussion of all facts and issues it considered relevant with respect to the proposed acquisition of Minera México, concluded unanimously to recommend that our board of directors approve the Agreement and Plan of

Merger and related transaction documents and to determine that the transaction was advisable, fair and in the best interests of our stockholders.

In reaching their conclusion and making their recommendation, the members of the special committee relied on their personal knowledge of our company and the industry in which it is involved and on the advice of its legal and financial advisors and mining consultants. The special committee also reviewed the information provided by Grupo México, our company and its advisors.

The special committee considered numerous factors to be in favor of the acquisition, including, among other things, the following:

- the current economic, industry and market trends affecting each of our company and Minera México in their respective markets, including those which favor the consolidation of copper mining businesses in the hands of a relatively small number of large companies;
- the transaction's potential enhancement in our relative cost position resulting from commodity diversification into zinc and precious metals and a decrease in our volatility of earnings after the acquisition of Minera México due to a relatively lower exposure to molybdenum;
- the relative production profiles of Minera México and our company (including an anticipated decline in our ore grades) and the expected improvement in our production profile as a result of the acquisition of Minera México;
- the fact that Grupo México and its affiliates effectively control our company at the present time and that the governance arrangements and minority protections to be put in place at the closing are at least as favorable to our minority stockholders as those currently in place;
- the statements by Mr. Larrea to the effect that Grupo México is supportive of this transaction, and that Grupo México was not considering selling its interests in our company to any third party;
- the fact that, in connection with the proposed transaction, all of our stockholders will receive a transaction dividend in the aggregate amount of \$100.0 million, approximately 45.8% of which would be paid to our minority stockholders;
- the fact that we would become more geographically diversified and less exposed to "country risk" as we would have mining operations in both Peru and Mexico, making us less susceptible to volatility based on political and economic developments than we are at the present time;
- potential opportunities for the combined company to realize synergies resulting from the transaction, estimated by the management of Minera México to be in the amount of approximately \$400 million;
- the expectation that the transaction would be earnings accretive to our stockholders on a per share-basis;
- the current and historical trading prices of our Common Stock;
- Grupo México and its affiliates will not be able to unilaterally approve this transaction, since the Agreement and Plan of Merger requires that holders of 66<sup>2</sup>/<sub>3</sub>% of our Class A Common Stock and Common Stock (calculated without giving effect to any super majority voting rights of the holders of our Class A Common Stock) approve the adoption of an amendment to our restated certificate of incorporation to increase the number of authorized shares of Common Stock required to be issued to Grupo México as part of this transaction;
- Cerro has agreed to not vote in favor of the transaction in the event that the special committee withdraws its recommendation of the transaction;

- the transaction would be a tax-free reorganization for both United States and Mexican tax purposes;
- AMC has agreed to indemnify us for losses that we may suffer post-closing with respect to breaches of certain representations, warranties and covenants made in the Agreement and Plan of Merger and other matters (including with respect to certain of Minera México's pre-closing environmental matters); and
- the fairness opinion rendered by Goldman Sachs to the special committee to the effect that, as of October 21, 2004, and subject to the factors and assumptions contained in the written opinion of Goldman Sachs, the exchange of 67,207,640 newly-issued shares of our Common Stock for 99.1463% of the outstanding shares of Minera México owned by AMC, our controlling stockholder, pursuant to the Agreement and Plan of Merger was fair from a financial point of view to our company.

The special committee also considered a variety of risks and other potentially negative factors concerning the transaction, including the following:

- that, as a result of the transaction, Grupo México and its affiliates will increase their overall ownership of our capital stock from approximately 54.2% to approximately 75.1% and that, as a result of this transaction, Grupo México and its affiliates will increase their overall voting power in our company from 63.08% to 75.1% (in the event that all of the Class A Common Stock is converted into Common Stock);
- after the transaction, our stockholders (other than Grupo México and its affiliates) will have a reduced ownership stake in our company with a diminished participation in the future earnings of our company;
- although Grupo México has stated its current intention to vote in favor of the transaction, Grupo México and its affiliates can unilaterally vote against the transaction thereby preventing us from consummating the transaction even if all our other stockholders vote in favor of this transaction;
- the historical performance of Minera México (including the third quarter of 2004), including a number of factors that have resulted in lower than expected mineral production at Minera México;
- the risk that the estimated pre-tax cost savings will not be achieved;
- the risks posed by the increase in the aggregate amount of indebtedness of the combined company that would be required to be serviced as a result of the consummation of the transaction, and the effect such additional indebtedness could have on our company in the event of any downturn in its mining businesses, due to, among other things, a decrease in prices for copper and molybdenum; and
- we may incur significant risks and costs if the transaction is not completed for any reason.

This discussion of the information and factors considered by the special committee is not intended to be exhaustive, but addresses the major information and factors considered by the special committee in its consideration of the transaction. In reaching its conclusion, the special committee did not find it practical to assign, and did not assign, any relative or specific weight to the different factors that were considered, and individual members of the special committee may have given different weight to different factors.

### **Opinion of the Special Committee's Financial Advisor-Goldman, Sachs & Co.**

Goldman Sachs delivered an oral opinion to the special committee, subsequently confirmed in writing, to the effect that, as of October 21, 2004, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange of 67,207,640 newly-issued shares of our Common Stock for 99.1463% of the outstanding shares of Minera México currently owned by AMC, our controlling stockholder, pursuant to the Agreement and Plan of Merger was fair from a financial point of view to our company.

**The full text of the written opinion of Goldman Sachs, dated October 21, 2004, which sets forth the assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Goldman Sachs provided its opinion for the information and assistance of the special committee in connection with its consideration of the merger. Goldman Sachs' opinion is not a recommendation as to how any holder of our Common Stock or Class A Common Stock should vote with respect to the merger.**

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the Agreement and Plan of Merger;
- our Annual Reports to stockholders and our Annual Reports on Form 10-K for the five years ended December 31, 2003;
- Annual Reports on Form 20-F of Minera México for the five years ended December 31, 2003;
- Annual Reports to stockholders of Grupo México for the five years ended December 31, 2003;
- interim reports to our stockholders and our Quarterly Reports on Form 10-Q;
- interim reports to security holders of Minera México and interim reports to stockholders of Grupo México;
- other communications from our company, Minera México and Grupo México to each of our respective security holders;
- a Life-of-Mine Production Plan for Minera México's La Caridad mine, dated January 2004, prepared by Winters, Dorsey & Company, LLC for Minera México, a Long Term Plan for Minera México's Mexicana de Cananea mine, dated March 2004, prepared by Mintec, Inc. for Grupo México, and a Long Term Mining Plan Alternative 3 Life of Mine Schedule for Minera México's Mexicana de Cananea mine, dated May 2004, prepared by Mintec, Inc. for Grupo México (or collectively referred to as the Mine Plans);
- analyses and recommendations provided to the special committee by Anderson & Schwab, an independent mining consultant retained by the special committee;
- internal financial analyses and forecasts for Minera México prepared by its management and internal financial analyses and forecasts for our company prepared by our management (we refer to these internal financial forecasts and an analyses, collectively, as the Management Forecasts);
- the Management Forecasts, as adjusted to reflect the average price forecasts for copper and molybdenum, published by research analysts and modifications recommended to the special committee by Anderson & Schwab, which adjustments were reviewed and approved by the special committee (we refer to these adjusted forecasts as the Forecasts); and
- tax savings estimated by the management of Minera México and Grupo México to result from the use of certain existing and anticipated tax loss carry-forwards and recoverable asset taxes of



Minera México and its subsidiaries identified to the special committee by the managements of Minera México and Grupo México (we refer to these estimates as the Tax Savings Estimates).

Goldman Sachs also held discussions with members of our senior management and that of Minera México and Grupo México regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition and future prospects of our company and Minera México.

In addition, Goldman Sachs:

- reviewed the reported price and trading activity for our Common Stock;
- compared various financial and stock market information of our company and financial information for Minera México with similar financial and stock market information for various other companies the securities of which are publicly traded;
- reviewed the financial terms of various recent business combinations; and
- performed such other studies and analyses, and considered other factors, as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. In that regard, Goldman Sachs assumed with the special committee's consent that:

- except to the extent adjusted with the approval of the special committee, the Management Forecasts have been reasonably prepared and reflect the best currently available estimates and judgments of our management or Minera México's management, as applicable;
- the modifications to the Management Forecasts recommended to the special committee by Anderson & Schwab have been reasonably prepared and reflect the best currently available estimates and judgments of Anderson & Schwab; and
- the Tax Savings Estimates have been reasonably prepared and reflect the best currently available estimates and judgments of Minera México and Grupo México.

Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) or the mineral reserves of our company or Minera México or either of our respective subsidiaries, and except for the Mine Plans, Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs did not make an analysis of, nor has Goldman Sachs expressed any view with respect to, the level of mineral reserves of Minera México and our company or any environmental matters relating to us, Minera México or either of our respective former or present subsidiaries.

In addition, Goldman Sachs assumed, with the special committee's consent, that:

- all governmental, regulatory or other consents, permits and approvals necessary for the consummation of the merger, and all governmental, regulatory or other consents, permits and approvals that are necessary for the operation of the businesses of our company and Minera México and material to Goldman Sachs' opinion, had been and will be obtained without any adverse effect on us or Minera México or on the expected benefits of the merger in any way meaningful to Goldman Sachs' analysis, and
- the merger will be consummated in accordance with the terms of the Agreement and Plan of Merger, without the waiver of any material conditions.

Goldman Sachs also relied upon the advice that the special committee received from its legal and tax advisors as to all legal and tax matters in connection with the Agreement and Plan of Merger. Goldman Sachs' opinion did not address the underlying business decision of our company to engage in the merger, nor did Goldman Sachs express any opinion as to the prices at which shares of our Common Stock will trade at any time. In addition, Goldman Sachs' opinion did not take into account, and Goldman Sachs did not opine on, the contractual and governance terms contained in the Agreement and Plan of Merger and the corporate governance amendments referred to in the Agreement and Plan of Merger or any related agreements.

The following is a summary of the material financial analyses presented by Goldman Sachs to the special committee in connection with rendering its opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs. The order of analyses described does not represent the relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 18, 2004, and is not necessarily indicative of current market conditions.

### *Copper Reserves Analyses*

Goldman Sachs derived illustrative implied prices per pound of the copper reserves of our company and Minera México based on copper reserve amounts provided by our respective managements and illustrative implied enterprise values that Goldman Sachs calculated for each of the two companies. The copper reserve amounts for Minera México excluded copper reserves of Minera México's Immsa Unit due to the predominance of zinc, rather than copper, reserves in that unit.

For purposes of this analysis, Goldman Sachs calculated an illustrative implied enterprise value for our company by multiplying our closing stock price of \$46.41 as of October 18, 2004 by the number of fully diluted shares of our Common Stock outstanding based on the most recent information publicly disclosed by us and adding to the result a net cash amount of \$15 million. The \$15 million amount reflected our management's estimate of the amount by which our company's cash will exceed our indebtedness as of December 31, 2004, including the book value of our minority interests, after taking into account the payment by us of the aggregate \$100 million transaction dividend contemplated by the merger and regular quarterly dividends in respect of the third and fourth quarters of 2004. Goldman Sachs derived an illustrative implied price per pound of our copper reserves of \$0.11 by dividing the illustrative implied enterprise value it calculated for our company by our management's estimate of our copper reserves.

Goldman Sachs also calculated an illustrative implied pre-tax saving enterprise value for Minera México by (1) multiplying our closing stock price of \$46.41 as of October 18, 2004 by 67,207,640, the number of new shares of our Common Stock to be issued under the Agreement and Plan of Merger, (2) dividing the result by 99.1463%, the percentage of the outstanding shares of Minera México being acquired by us pursuant to the proposed merger, and (3) adding to the result of these calculations \$1 billion, the maximum amount of the net debt of Minera México and the book value of the minority interests in Minera México that will be outstanding as of the closing of the merger under the terms of the Agreement and Plan of Merger. Based on this illustrative implied pre-tax saving enterprise value, Goldman Sachs calculated three illustrative implied enterprise values for Minera México by adding to the illustrative implied pre-tax saving enterprise value hypothetical values for the Tax Savings Estimates that were 100%, 50% and 0% of the illustrative implied present value calculated for the Tax Savings Estimates using a discount rate in real terms of 8.5%. A discount rate in real terms means a discount rate that has been adjusted to exclude the effects of inflation. Using each of these three illustrative implied enterprise values for Minera México, Goldman Sachs derived illustrative implied prices per

pound of Minera México copper reserves (excluding the copper reserves of Minera México's Immsa Unit) by dividing (1) the illustrative implied enterprise value (reduced by an implied value of the Immsa Unit calculated based on the Forecasts for Minera México) by (2) the amount of Minera México's copper reserves (excluding the copper reserves of Minera México's Immsa Unit) provided by Minera México management. Goldman Sachs compared these illustrative implied prices per pound of Minera México's reserves, which are presented below, to the \$0.11 implied price per pound of our copper reserves.

	Illustrative Implied Prices Per Pound of Copper Reserves Derived Assuming Specified Percentage of the Illustrative Implied Value of Tax Savings		
	Estimates		
	100%	50%	0%
Minera México Copper Reserves	\$ 0.05	\$ 0.05	\$ 0.06

### *Comparison of Selected Companies*

Goldman Sachs compared selected publicly available financial information, ratios and multiples for our company and the following selected copper mining companies: Antofagasta Holdings plc, Freeport-McMoRan Copper & Gold Inc., Phelps Dodge Corporation and Grupo México. Although none of the selected companies are directly comparable to our company, the companies included were chosen by Goldman Sachs because they are publicly traded companies with operations that for purposes of analysis may be considered similar to our company.

The equity market capitalization for our company and each of the selected companies used by Goldman Sachs was calculated by multiplying each company's closing stock price as of October 18, 2004 by the number of fully diluted shares of such company based on the most recent information publicly disclosed by such company. The enterprise value for each company was calculated by adding to its equity market capitalization the amount of such company's net debt and book value of such company's minority interest based on the most recent publicly disclosed information, except that, in the case of Grupo México, the minority interest in our company, was valued based on our equity market capitalization as of October 18, 2004. Historical financial results used by Goldman Sachs for purposes of this analysis were based upon information contained in the applicable company's latest publicly available financial statements. Estimates of future results used by Goldman Sachs in this analysis were based on median estimates published by the Institutional Brokers Estimate System, or IBES, except that in the case of Grupo México and our company, they were based on estimates contained in selected Wall Street research reports. Goldman Sachs compared the following results for our company and the selected companies:

- the October 18, 2004 closing stock price as a percentage of the 52-week high stock price;
- enterprise value as a multiple of (1) sales for the latest twelve months, or LTM, for which sales information was publicly reported, (2) estimated sales for the years ended December 31, 2004 and 2005, (3) earnings before interest, taxes, depreciation and amortization, or EBITDA, for the LTM for which the information necessary to calculate EBITDA was most recently publicly reported, (4) estimated EBITDA for the years ending December 31, 2004 and 2005, and (5) earnings before interest and taxes, or EBIT, for the LTM for which the information necessary to calculate EBIT was most recently publicly reported; and
- EBITDA and EBIT as a percentage of sales, or the EBITDA or EBIT margins, for the LTM for which the information necessary to calculate these margins were most recently publicly reported.



The following table compares the multiples and percentages referred to above calculated for the selected companies with comparable information derived by Goldman Sachs with respect to our company based on our closing stock price as of October 18, 2004:

	Low/High Range	Mean/ Median	Southern Peru Copper Corporation	Grupo México	Anto- fagasta	Freeport- McMoRan	Phelps Dodge Corp.
October 18, 2004 closing stock price as a percentage of the 52-week high stock price	78%/87%	84%/85%	85%	95%	85%	78%	87%
Enterprise value to LTM Sales	1.7x/4.9x	3.1x/3.2x	3.3x	2.3x	3.2x	4.9x	1.7x
Enterprise value to estimated 2004 Sales	1.4x/4.2x	2.5x/2.3x	2.7x	1.9x	NA	4.2x	1.4x
Enterprise value to estimated 2005 Sales	1.4x/2.9x	2.3x/2.4x	2.9x	1.9x	NA	2.9x	1.4x
Enterprise value to LTM EBITDA	5.5x/14.5x	7.9x/6.7x	6.7x	5.8x	5.5x	14.5x	7.0x
Enterprise value to estimated 2004 EBITDA	4.2x/11.3x	5.9x/4.5x	4.8x	4.2x	4.5x	11.3x	4.5x
Enterprise value to estimated 2005 EBITDA	4.0x/5.5x	4.8x/4.8x	5.5x	4.4x	5.4x	4.8x	4.0x
Enterprise value to LTM EBIT	6.7x/19.3x	10.4x/7.8x	7.8x	7.4x	6.7x	19.3x	10.8x
LTM EBITDA Margin	24.3%/57.8%	40.8%/39.2%	49.0%	39.2%	57.8%	33.7%	24.3%
LTM EBIT Margin	15.8%/47.7%	32.4%/30.9%	42.3%	30.9%	47.7%	25.3%	15.8%

#### *Discounted Cash Flow Analyses*

Goldman Sachs performed discounted cash flow analyses with respect to each of Minera México and our company. The analyses were performed by discounting to December 31, 2004 the expected stream of Minera México and our company's future unlevered free cash flows based on the Forecasts adjusted as described below. The Forecasts reflected per pound copper prices of \$1.20 in 2005, \$1.08 in 2006, \$1.00 in 2007 and \$.90 thereafter and per pound molybdenum prices of \$5.50 in 2005 and \$3.50 thereafter, based on average forecasts published by selected Wall Street research analysts. For purposes of its discounted cash flow analyses, Goldman Sachs used future unlevered free cash flow estimates based on the Forecasts that were adjusted to reflect copper prices ranging from \$0.80 to \$1.00 per pound for the period after 2007. This range reflected the range of long-term price forecasts for copper published by selected Wall Street research analysts. Goldman Sachs used discount rates in real terms ranging from 7.5% to 9.5% with respect to Minera México. Goldman Sachs used ranges of discount rates in real terms with respect to our company that were 0.5%, 1.0% and 1.5% higher than those used with respect to Minera México in order to reflect the greater market and country risk of Peru (where our mines are located), as opposed to México (where Minera México's mines are located).

The Forecasts for Minera México reflected Minera México management's estimates of Mexican statutory tax rates of 33% for 2004 and 32% thereafter and a Mexican statutory workers profit tax rate of 10%. The Forecasts for our company reflected our management's estimates of an effective income tax rate of 35%, Peruvian investment share participation of 0.7% and a Peruvian statutory workers participation rate of 8%. The Forecasts did not reflect any potential synergies that may result from the merger.

For purposes of its analyses, Goldman Sachs calculated illustrative implied pre-tax saving enterprise values for Minera México by discounting to December 31, 2004 the expected stream of Minera México's future cash flows based on the Forecasts for Minera México described above, which excluded the effect of Tax Savings Estimates. Goldman Sachs calculated illustrative implied enterprise values for Minera México by separately adding to these illustrative implied enterprise values hypothetical values for the Tax Savings Estimates that were 100%, 50% and 0% of the illustrative implied present value calculated for the Tax Savings Estimates using a discount rate in real terms of 8.5%. Goldman Sachs calculated illustrative implied equity values as of December 31, 2004 for the shares of Minera México that we will acquire pursuant to the merger by deducting from the implied enterprise values for Minera México \$1 billion, the maximum sum of the net debt of Minera México, including the book value of the minority interests in Minera México that will be outstanding as of the closing of the merger under the terms of the Agreement and Plan of Merger, and multiplying the result by 99.1463%, the percentage of the outstanding Minera México shares we are acquiring in the merger.

Goldman Sachs also calculated illustrative implied enterprise values for our company by discounting to December 31, 2004 the expected stream of our future unlevered free cash flows based on the Forecasts for our company. Although the Forecasts reflect our management's estimate that we will be required to pay royalty taxes to the Peruvian government beginning in 2005 at rates of 2% of our net sales, because the rate of the royalty tax has not yet been implemented by the Peruvian government, Goldman Sachs separately calculated illustrative implied enterprise values for our company using the Forecasts for our company adjusted to reflect the payment of royalty taxes at rates of 1% and 3% of our net sales in addition to the 2%. As noted above, Goldman Sachs also calculated illustrative implied enterprise values for our company separately using discount rates in real terms that were 0.5%, 1.0% and 1.5% higher than the range of discount rates in real terms utilized for Minera México. Goldman Sachs calculated illustrative implied equity values for our company as of December 31, 2004 by adding a net cash amount of \$15 million to the illustrative implied enterprise values calculated for our company. The \$15 million amount reflected our management's estimate of the amount by which our company's cash will exceed our indebtedness as of December 31, 2004, including the book value of minority interests, after taking into account our payment of the aggregate \$100 million transaction dividend contemplated by the merger and regular quarterly dividends in respect of the third and fourth quarters of 2004.

Using the illustrative implied equity values for both companies as of December 31, 2004, Goldman Sachs calculated illustrative implied numbers of our Common Stock to be issued corresponding to the respective illustrative implied equity values of 99.1463% of the outstanding Minera México shares as of December 31, 2004. The table below sets forth the illustrative implied numbers of our shares of Common Stock to be issued assuming (i) royalty tax rates of 1%, 2% and 3% will apply to us, (ii) hypothetical values for the Tax Savings Estimates that were 100%, 50% and 0% of the implied present value of the Tax Savings Estimates, (iii) copper prices ranging from \$0.80 to \$1.00 per pound for the period after 2007, (iv) with respect to Minera México, discount rates in real terms ranging from 7.5% to 9.5% and (v) with respect to us, discount rates in real terms that were .5%, 1.0% and 1.5% higher than those used with respect to Minera México:

**Illustrative Numbers of Our Shares to be Issued (in Millions) Based on Implied Minera México Equity Values Derived Assuming Specified Percentage of Illustrative Implied Value of Tax Savings Estimates**

	100%			50%			0%		
	Our Discount Rate Higher Than Minera México By:			Our Discount Rate Higher Than Minera México By:			Our Discount Rate Higher Than Minera México By:		
	0.5%	1.0%	1.5%	0.5%	1.0%	1.5%	0.5%	1.0%	1.5%
Royalty Tax Rate	low/high	low/high	low/high	low/high	low/high	low/high	low/high	low/high	low/high
1% of Net Sales	55.4-74.5	57.8-78.4	60.2-82.4	51.3-72.3	53.5-76.1	55.8-79.9	47.2-70.1	49.2-73.7	51.3-77.4
2% of Net Sales	57.7-76.9	60.3-80.9	62.8-85.0	53.5-74.6	55.8-78.5	58.2-82.5	49.2-72.3	51.4-76.1	53.5-79.9
3% of Net Sales	60.3-79.4	63.0-83.6	65.7-87.8	55.8-77.0	58.3-81.1	60.8-85.2	51.4-74.6	53.7-78.6	56.0-82.5

### *Contribution Analysis*

Based on varying EBITDA scenarios and illustrative implied EBITDA multiples of our company for each of those scenarios, Goldman Sachs performed a contribution analysis to derive various illustrative implied numbers of shares of our Common Stock issuable by us in exchange for our acquisition of 99.1463% of the shares of Minera México by applying the illustrative implied EBITDA multiples of our company to corresponding EBITDA estimates for Minera México. Using the October 18, 2004 closing price of \$46.41 per share of our Common Stock and the number of fully diluted outstanding shares of our Common Stock based on the most recent information publicly disclosed by us, Goldman Sachs derived the equity market value of our company as of October 18, 2004 and calculated illustrative implied enterprise values for our company by deducting a \$15 million net cash amount from our company's equity market value. As noted above, the \$15 million amount reflected our management's estimate of the amount by which our cash will exceed our indebtedness including the book value of minority interests as of December 31, 2004, after taking into account our payment of the aggregate \$100 million transaction dividend contemplated by the Agreement and Plan of Merger and regular quarterly dividends in respect of the third and fourth quarters of 2004 as provided by management. Based on the illustrative implied enterprise value calculated for us, Goldman Sachs calculated illustrative implied EBITDA multiples for our company based on each of the following estimates of our 2004 and 2005 EBITDA:

- an estimate of 2004 EBITDA determined by annualizing our EBITDA for the nine months ended September 30, 2004 as reported in Grupo México's unaudited financial statements for that nine-month period;
- Grupo México's estimate of our 2004 EBITDA;
- the estimates of 2005 EBITDA reflected in the Forecasts for our company assuming that we will be required to pay royalty taxes to the Peruvian government beginning in 2005 at rates of 1%, 2% and 3% of our net sales, respectively;
- the estimate of our 2005 EBITDA provided by our management; and
- an estimate of our 2005 EBITDA based on an average of estimates published by selected Wall Street research analysts.

Goldman Sachs applied the implied EBITDA multiples for our company, using the estimates referred to above, to the corresponding estimates referred to below of Minera México's 2004 and 2005 EBITDA, none of which reflected the Tax Savings Estimates, to derive implied pre-tax-savings enterprise values for Minera México as of October 18, 2004:

- an estimate of 2004 EBITDA determined by annualizing Minera México's EBITDA for the nine months ended September 30, 2004 as reported in Grupo México's unaudited financial statements for that nine-month period adjusted to give effect to a Mexican statutory workers profit tax rate of 10% and the use of Minera México's June results for July instead of actual July results to mitigate the impact of strikes at Minera México's facilities;
- Grupo México's estimate of our 2004 EBITDA adjusted to give effect to Mexican statutory workers' profit tax rate;
- the estimate of 2005 EBITDA reflected in the Forecasts for Minera México, as adjusted to give effect to a Mexican statutory workers' profit tax rate;
- the estimate of Minera México's 2005 EBITDA as provided by its management, as adjusted to give effect to a Mexican statutory workers profit tax rate; and
- the estimate of 2005 EBITDA reflected in the Forecasts for Minera México, as adjusted to give effect to a Mexican statutory workers profit tax rate.

For each of the EBITDA estimates, Goldman Sachs derived an implied enterprise value for Minera México by separately adding to the implied pre-tax savings enterprise value calculated with

respect to that estimate hypothetical values for the Tax Savings Estimates that were 100%, 50% and 0% of the implied present value of the Tax Savings Estimates calculated using a discount rate of 8.5% in real terms. For each of the EBITDA estimates, Goldman Sachs derived an implied equity value as of October 18, 2004 for the shares of Minera México that we will acquire pursuant to the merger by deducting from the implied enterprise value for Minera México \$1 billion, the maximum amount of the net debt of Minera México and the book value of the minority interests in Minera México that will be outstanding as of the closing of the merger under the terms of the Agreement and Plan of Merger, and multiplying the result by 99.1463%, the percentage of the outstanding Minera México shares we are acquiring in the merger. Using the October 18, 2004 closing price of \$46.41 for our Common Stock, Goldman Sachs calculated the implied number of shares of our Common Stock that reflected the implied equity value as of October 18, 2004 of 99.1463% of the outstanding Minera México shares derived using the various EBITDA estimates and our company's EBITDA multiples. The results of Goldman Sachs' calculations are presented in the table below:

EBITDA Estimates	Illustrative Numbers of Our Shares to be Issued (in Millions) Based on Implied Minera México Equity Values Derived Assuming Specified Percentage of Illustrative Implied Value of Tax Savings Estimates		
	100%	50%	0%
2004E Derived from Grupo México Annualized Results	45	43	42
2004E Based on Grupo México Estimates	56	54	53
2005E based on the Forecasts—assuming for SPCC 1% of Sales Royalty Tax for us	64	63	62
2005E based on the Forecasts—assuming for SPCC 2% of Sales Royalty Tax for us	66	65	63
2005E based on the Forecasts—assuming for SPCC 3% of Sales Royalty Tax for us	68	66	65
Minera México and our company's Management Estimates	73	72	70
Our company's Wall Street Research and Forecasts for Minera México	55	54	53

### *Pro Forma EPS Analysis*

Goldman Sachs analyzed the pro forma impact of the merger on the estimated earnings per share, or EPS, of our company for the years 2005 and 2006 based on the Forecasts for us and both the Forecasts for Minera México adjusted to reflect the Tax Savings Estimates and Forecasts for Minera México, without adjustment to reflect the Tax Savings Estimates. As noted above under "—Discounted Cash Flow Analyses," the Forecasts for our company and Minera México (absent adjustment to reflect the Tax Savings Estimates) reflected the Peruvian and Mexican statutory tax rates and workers profit and participation rates. Although the Forecasts for our company reflect our management's assumption that we will be required to pay royalty taxes to the Peruvian government beginning in 2005 at rates of 2% of our net sales, because the rate and applicability of the royalty tax has not yet been implemented by the Peruvian government, Goldman Sachs separately analyzed the pro forma impact of the merger using the Forecasts for our company adjusted to reflect the payment of royalty taxes at rates of 1% and 3% of our net sales. Goldman Sachs also analyzed the pro forma impact of the merger on our estimated EPS for 2005 based on an average of 2005 EPS estimates for our company published by selected Wall Street research analysts and the Forecasts for Minera México, as adjusted to reflect the Tax Savings Estimates. Goldman Sachs performed all of the foregoing analyses based on our acquisition of 99.1463% of the outstanding Minera México shares.

Based on the foregoing analyses, Goldman Sachs calculated that the proposed merger would be accretive to our estimated EPS for 2005 and 2006, without giving effect to any synergies that may result from the merger.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. No company or transaction used in the above analyses as a comparison is directly comparable to our company, Minera México or the proposed merger.

Goldman Sachs prepared these analyses for purposes of providing its opinion to our special committee as to the fairness from a financial point of view to our company of the exchange of 67,207,640 newly-issued shares of our Common Stock for 99.1463% of the outstanding shares of Minera México currently owned by AMC, our controlling stockholder, pursuant to the Agreement and Plan of Merger. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, neither our company, Minera México, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast. As described above, Goldman Sachs' opinion to the special committee was one of many factors taken into consideration by the special committee in making its recommendation to our board of directors to approve the Agreement and Plan of Merger.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to the special committee in connection with, and has participated in certain of the negotiations leading to, the proposed merger.

In addition, Goldman Sachs has provided certain investment banking services to affiliates of Cerro, a significant stockholder of our company, including acting as lead manager in connection with a bank loan in the aggregate principal amount of \$70 million to Reliant Pharmaceuticals LLC, an affiliate of Cerro, in September 2004. Goldman Sachs may also provide investment banking services to us, Minera México, Grupo México, Cerro and Phelps Dodge Overseas Capital Corporation, another significant stockholder of our company, and their affiliates in the future. In connection with the above-described services, Goldman Sachs has received, and may receive, compensation.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman Sachs and its affiliates may provide such services to us, Minera México, Grupo México, Cerro and Phelps Dodge Corporation, and their affiliates and may actively trade the debt and equity securities (or related derivative securities) of our company, Minera México, Grupo México and their affiliates and of affiliates of Cerro and Phelps Dodge Corporation for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

Our special committee selected Goldman Sachs as its financial advisor because Goldman Sachs is an internationally recognized investment banking firm that has substantial experience in transactions

similar to the merger. Pursuant to a letter agreement between our company and Goldman Sachs, dated as of March 5, 2004, as amended, Goldman Sachs is entitled to receive an aggregate fee of \$2.6 million for its services to the special committee, \$1.4 million of which has been paid to Goldman Sachs for its services through July 15, 2004. The remaining \$1.2 million, which was agreed to by Goldman Sachs and the special committee on October 19, 2004, is payable to Goldman Sachs for its services from July 15, 2004 through the closing of the merger. Goldman Sachs' fees for its services to the special committee are payable regardless of whether the merger is consummated. We have also agreed to reimburse Goldman Sachs for its reasonable out-of-pocket expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs against various liabilities, including various liabilities under the federal securities laws.

## **DESCRIPTION OF THE AGREEMENT AND PLAN OF MERGER**

The following is a summary of the material terms of the Agreement and Plan of Merger. This summary does not purport to describe all of the terms of the Agreement and Plan of Merger and is qualified in its entirety by reference to the complete Agreement and Plan of Merger which is included as Annex A to this proxy statement and which we filed on Form 8-K on October 22, 2004 and is incorporated by reference herein. You are urged to read the entire Agreement and Plan of Merger carefully.

### **General**

Under the Agreement and Plan of Merger, after the satisfaction or waiver of the conditions to the merger, SPCC Merger Sub will merge with and into ASC, with ASC being the surviving corporation. At the time of the merger, the certificate of incorporation and bylaws of SPCC Merger Sub will become the certificate of incorporation and the bylaws of ASC. As a result of the merger, ASC will become our wholly-owned subsidiary, and Minera México will become our 99.15% indirect subsidiary through ASC. The directors and officers of ASC will be the directors and officers of the surviving corporation and continue in such capacities until they resign or until their respective successors are duly elected and qualified.

### **Effective Time**

The merger is expected to take place on a date that is not later than the third business day after the conditions contained in the Agreement and Plan of Merger are satisfied or waived, or at such other time as we and ASC agree. See "*Conditions to the Merger*" below for a more detailed description of the conditions that must be satisfied or waived before the completion of the merger. The merger will become effective upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware. The effective time of the merger is referred to in this proxy statement as the effective time.

### **Merger Consideration**

At the effective time of the merger, we will receive all of the outstanding shares of ASC and ASC's stockholder, AMC, will be issued 67,207,640 shares of our Common Stock. As a result of the merger, AMC's ownership in us will increase from approximately 54.2% to approximately 75.1%.

### **Representations and Warranties**

The Agreement and Plan of Merger contains various representations and warranties made by us and SPCC Merger Sub, as applicable, to AMC, ASC and Minera México, including, among other things, representations and warranties relating to:

- organization, existence and good standing;
- corporate power and authority to enter into the Agreement and Plan of Merger;
- certain actions by our special committee and board of directors;

- required consents and approvals;
- capitalization;
- compliance with our organizational documents, agreements and laws;
- the accuracy of the information supplied by us for inclusion in this proxy statement;
- filings with the Securities and Exchange Commission;
- the inapplicability of certain state takeover laws;
- the acquisition of Minera México shares for investment purposes;
- the absence of certain finders' fees and commissions; and
- the receipt of a fairness opinion from Goldman, Sachs & Co.

None of the foregoing representations and warranties survive the closing of the merger, except for those representations and warranties relating organization, valid existence and good standing, corporate power and authority to enter into the Agreement and Plan of Merger and capitalization, which survive through the applicable statute of limitations, including any extensions thereof, plus 60 days.

The Agreement and Plan of Merger also contains various representations and warranties made by AMC, ASC and Minera México, as applicable, to us and SPCC Merger Sub, including among other things, representations and warranties relating to:

- organization, existence and good standing;
- capitalization;
- requisite corporate power and authority to enter into the Agreement and Plan of Merger;
- filings with the Securities and Exchange Commission and certifications required by the Sarbanes-Oxley Act of 2002;
- required consents and approvals;
- compliance with organizational documents, agreements and laws;
- the absence of any undisclosed liabilities;
- the activities, assets and liabilities of ASC;
- compliance with applicable laws;
- certain employee benefit, labor, intellectual property, tax and environmental matters;
- the net operating losses and recoverable asset tax balances of Minera México and its subsidiaries;
- the absence of any litigation;
- material contracts;
- the validity of title to certain assets owned by Minera México and its subsidiaries;

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- the absence of certain finders' fees and commissions;
- the accuracy of the information supplied for inclusion in this proxy statement; and
- affiliate transactions.

None of the representations and warranties of AMC, ASC or Minera México survive the closing of the merger, except for representations and warranties relating to (i) organization, existence and good standing, capitalization, corporate power and authority to enter into the Agreement and Plan of Merger and the activities, assets and liabilities of ASC, which survive through the applicable statute of limitations, including any extensions thereof, plus 60 days, (ii) the certifications required by the Sarbanes-Oxley Act of 2002, the net operating losses and recoverable asset tax balances of Minera México and its subsidiaries and affiliate transactions, which will survive (a) through the completion of an audit of our consolidated financial statements for the period ending December 31, 2005 plus 60 days, in the event the closing of the merger occurs prior to July 1, 2005 or (b) through the completion of an audit of such financial statements for the period ending December 31, 2006 plus 60 days, in the event that the closing of the merger occurs on or after July 1, 2005.



## Conditions to the Merger

The completion of the merger depends upon the satisfaction of a number of conditions, including those set forth below.

The obligation of ASC and our company to consummate the merger is subject to the satisfaction or waiver, on or before the intended closing date, of many conditions, including the following:

- Approval by our stockholders of Proposal No. 1 authorizing an amendment to our restated certificate of incorporation to (i) increase the number of shares of capital stock which we are authorized to issue from 100,000,000 shares to 167,207,640 shares and (ii) designate such newly-authorized shares as shares of Common Stock;
- Approval by our stockholders of Proposal No. 2 authorizing the issuance of the 67,207,640 newly-authorized shares of our Common Stock in the merger;
- Approval by our stockholders of Proposal No. 3 authorizing an amendment to our restated certificate of incorporation to change the composition and responsibilities of certain committees of our board of directors;
- Absence of any law or injunction or prohibition against the merger issued by a court or government agency; and
- Receipt of any necessary approvals from governmental entities in connection with the merger.

Our obligation to consummate the merger is also subject to the fulfillment of other conditions, including the following:

- The representations and warranties of AMC, ASC and Minera México contained in the Agreement and Plan of Merger (without giving effect to any materiality qualifiers) must be true and correct, with only such exceptions as would not have a material adverse effect on ASC, and Minera México and its subsidiaries taken as a whole;
- AMC, ASC and Minera México must have performed and complied with in all material respects all of their obligations, agreements and covenants contained in the Agreement and Plan of Merger;
- Minera México and its subsidiaries' net indebtedness (plus minority interests) cannot exceed \$1,000,000,000;
- A cash transaction dividend in the aggregate amount of \$100 million to the holders of our Common Stock and Class A Common Stock was declared on January 31, 2005 to be paid on March 1, 2005, prior to the closing.
- AMC must have contributed all of its ownership interest in Minera México to ASC, which was effected as of on October 18, 2004;
- Minera México must have refinanced its \$600,000,000 debt obligation, which occurred on October 29, 2004;
- We must have received a copy of the notice required by Mexican tax law regarding the appointment of AMC's tax representative;
- We must have received a letter from AMC's tax representative stating that he will, on AMC's behalf, (i) pay any Mexican income taxes, if any, relating to the contribution of the Minera México shares to ASC, which was completed on October 29, 2004 and (ii) have an independent accountant submit a report on such tax;

- We must have received certification by ASC as to the accuracy of its representations and warranties, performance and compliance with its covenants and including the requirement that Minera México and its subsidiaries' net indebtedness (plus minority interests) cannot exceed \$1,000,000,000; and
- The shares of Common Stock to be issued in the merger must have been approved for listing on the New York Stock Exchange subject to official notice of listing.

The obligation of ASC to consummate the merger is also subject to the fulfillment of other conditions, including the following:

- The representations and warranties made by us and SPCC Merger Sub contained in the Agreement and Plan of Merger (without giving effect to any materiality qualifiers) must be true and correct, with only such exceptions as would not have a material adverse effect on us and our subsidiaries, taken as a whole;
- We and SPCC Merger Sub must have performed and complied with in all material respects all of our obligations, agreements and covenants contained in the Agreement and Plan of Merger; and
- We must have provided certification to ASC as to the accuracy of our representations and warranties and the performance and compliance with all of our obligations, agreements and covenants.

### **Termination of the Transaction**

Either ASC or we may call off the merger under certain circumstances, including if:

- We both consent;
- There is any law or final, non-appealable governmental injunction, order or decree that prevents completion of the merger;
- The merger is not completed on or before June 21, 2005; or
- Our stockholders have not approved each of Proposals 1, 2 and 3 at the special meeting;

We may call off the merger under certain circumstances, including if:

- Any of AMC, ASC or Minera México breaches in a material manner any of their representations, obligations or agreements and such breach is not capable of being cured by June 21, 2005, or if curable, has not been cured within 20 business days after they receive written notice from us of such breach.

ASC may call of the merger under certain circumstances, including if:

- We or SPCC Merger Sub breach in a material manner any of our representations, obligations or agreements and such breach is not capable of being cured by June 21, 2005, or if curable, has not been cured within 20 business days after we receive written notice from Minera México of such breach; or
- If the special committee or our board of directors shall withdraw, modify, or change its recommendation with respect to the Agreement and Plan of Merger or the three proposals set forth in this proxy statement in a manner adverse to ASC.

In the event the Agreement and Plan of Merger is terminated, each party will pay its own expenses incurred in connection with the merger.

### Conduct of Business Prior to Completion of the Merger

During the period from October 21, 2004 to the effective time of the merger, ASC cannot engage in any activities and is required to cause Minera México and its subsidiaries to each (i) operate its business in the usual and ordinary course of business, (ii) preserve intact its business organization and maintain its relationships with customers and suppliers and (iii) keep its properties and assets in good repair and condition. In addition during such period, without our prior written consent or unless contemplated by the Agreement and Plan of Merger, ASC cannot, and cannot permit Minera México or its subsidiaries to:

- amend or propose to amend their respective certificates of incorporation or bylaws;
- authorize for issuance, issue, sell, deliver, or agree or commit to issue, sell or deliver, dispose of, encumber or pledge any stock of any class or any securities, or amend any of the terms of any such securities or agreements outstanding;
- split, combine or reclassify any shares capital stock, declare, set aside or pay any dividend or other distribution, or redeem or otherwise acquire any of Minera México's securities or any securities of Minera México's subsidiaries;
- incur, assume or guarantee any indebtedness or issue any debt securities, other than in the ordinary course of business consistent with past practice;
- pledge or otherwise encumber shares of capital stock of ASC, Minera México or any of Minera México's subsidiaries;
- mortgage, pledge or otherwise encumber any material assets or create any material lien on such assets other than permitted liens in the ordinary course of business;
- adopt a plan of liquidation or adopt resolutions providing for liquidation, dissolution, consolidation, merger, restructuring or recapitalization;
- except as may be required by law or existing agreement, or in the ordinary course of business, pay, agree to pay, grant, issue or accelerate payments or benefits pursuant to any benefit plan in excess of the payments or benefits provided under such benefit plan;
- except for increases in the ordinary course of business for employees other than officers or directors that do not result in a material expense to Minera México or as required under existing agreements or in the ordinary course of business, increase in any manner the salary or benefits of any director, officer, consultant or employee;
- except as may be required by law or existing agreement, amend any benefit plan in a manner that would materially increase the cost to Minera México or its subsidiaries or enter into any new benefit plan;
- acquire, sell, transfer, lease, encumber, fail to maintain or dispose of any material assets or property, outside the ordinary course of business;
- enter into any material commitment or transaction, outside the ordinary course of business;
- change any financial accounting principles or practices, except as may be required by Mexican law, Mexican generally accepted accounting principles, U.S. generally accepted accounting principles or the rules and regulations of the Securities and Exchange Commission;
- (i) acquire any corporation, partnership or other business organization; (ii) enter into any material contract or agreement other than in the ordinary course of business; (iii) engage in any affiliate transaction, other than a transaction with a subsidiary, which, individually, exceeds



\$5,000,000 or, in the aggregate, exceeds \$15,000,000; or (iv) authorize any new capital expenditure except in the ordinary course of business;

- make any material tax election, change any material method of tax accounting or settle or compromise any material tax liability or refund of Minera México or any of its subsidiaries;
- except in the ordinary course of business, (i) terminate, amend or modify, or waive any material provision of, any material contract, or (ii) amend, modify or change any material policies governing product sales or returns or the treatment of accounts receivable; or
- take, or agree in writing or otherwise to take, any of the foregoing actions.

The covenants in the Agreement and Plan of Merger relating to the conduct of ASC, Minera México, and Minera México's subsidiaries during the period from October 21, 2004 to the effective time of the merger are very detailed and the above description is only a summary. We urge you to read carefully and in its entirety the section of the Agreement and Plan of Merger entitled "Conduct of Business of the Company" in Appendix A.

### **Other Covenants and Agreements**

The Agreement and Plan of Merger contains other covenants of the parties, including, but not limited to, the following covenants:

- We agree to take all action reasonably necessary to hold a special meeting of stockholders in order to seek approval for the proposals set forth in this proxy statement;
- We, AMC, ASC and Minera México agree to cooperate in the preparation and filing of this proxy statement;
- We, SPCC Merger Sub, AMC, ASC and Minera México agree to give prompt notice to each other of (a) any circumstances arising which would be likely to cause any representation or warranty in the Agreement and Plan of Merger to be untrue or inaccurate, or any covenant, condition or agreement in the Agreement and Plan of Merger not to be complied with or satisfied or (b) any failure of any party to satisfy any covenant, condition or agreement in the Agreement or Plan of Merger;
- AMC agreed to contribute all of its ownership in Minera México to ASC prior to the closing date of the merger, effective as of October 18, 2004;
- We, SPCC Merger Sub, AMC, ASC and Minera México agree to consult with each other before issuing any press release or otherwise making any public statements with respect to the transaction;
- We agree to (i) prepare and submit a listing application to the New York Stock Exchange covering the shares of Common Stock to be issued in the merger and (ii) use our reasonable efforts to obtain approval for the listing of such shares;
- Except as otherwise required by law, the special committee and the board of directors agree not to withdraw or modify, or propose to withdraw or modify, in a manner adverse to AMC, ASC or Minera México their recommendation in favor of the three proposals discussed in this proxy statement;
- We, SPCC Merger Sub, AMC, ASC and Minera México agree not to take any action that will prevent the merger from being treated as a tax-free reorganization pursuant to U.S. tax laws;
- AMC's tax representative must deliver to us a copy of the notice required by Mexican tax law regarding his appointment;

- AMC's tax representative must deliver a letter to us stating that he will, on AMC's behalf, (i) pay any Mexican taxes, if any, relating to the contribution of the Minera México shares to ASC and (ii) have an independent accountant submit a report on such tax;
- AMC agrees to use its best efforts to cause our board of directors to declare, set aside and pay the quarterly cash dividend related to the third quarter of fiscal year 2004 to all of the holders of our of Common Stock and Class A Common Stock (which was declared on October 21, 2004 and paid on November 22, 2004); AMC also agrees to use its best efforts to cause our board of directors to declare and pay an aggregate \$100 million transaction dividend to all of the holders of the Common Stock and Class A Common Stock prior to the closing date of the merger, which we declared on January 31, 2005 to be paid on March 1, 2005;
- AMC, ASC and Minera México each agree that, prior to the date on which we receive approval from our stockholders for the three proposals set forth in this proxy statement, neither it nor any of its affiliates will acquire or agree to acquire any shares of our Common Stock or Class A Common Stock;
- AMC agrees that, as of the closing date of the merger, the aggregate outstanding amount of net indebtedness (plus minority interests) of Minera México and its subsidiaries on a consolidated basis will not exceed \$1,000,000,000;
- We, AMC, ASC and Minera México each agree that any action to be taken by us prior to the closing to enforce our rights under the Agreement and Plan of Merger will be taken by and at the direction of the special committee;
- We, AMC, ASC, and Minera México each agree that any action to be taken by us after the closing to enforce our rights (including indemnification rights) under the Agreement and Plan of Merger will be taken by and at the direction of a majority of the members of the board who are special independent directors;
- AMC agreed to cause Minera México to refinance its \$600,000,000 debt obligation, which occurred on October 29, 2004;
- AMC, ASC and Minera México each agree to cause the audit of our consolidated financial statements for the fiscal year ending December 31, 2005 to be completed on or prior to March 31, 2006;
- AMC agrees to not allow its consolidated net worth to fall below \$500,000,000 at any time on or prior to the fifth anniversary of the closing date; provided, however, that such amount is allowed to be reduced each year by \$25,000,000; and
- For a period of five years after the closing, we and AMC agree to each use our reasonable best efforts to maintain the listing of our Common Stock on the New York Stock Exchange or other comparable internationally-recognized securities exchange or inter-dealer quotation system.

## Indemnification

The Agreement and Plan of Merger provides that, under certain circumstances, AMC will indemnify us and our subsidiaries and each of our respective directors, officers, employees, stockholders, and other related parties from and against any and all damages incurred or suffered in connection with:

- Any breach by AMC, ASC or Minera México of any representation or warranty relating to (i) its organization, qualification or subsidiaries, (ii) the capitalization of Minera México and its subsidiaries, (ii) its authority to enter into the Agreement and Plan of Merger, (iii) the certifications required by the Sarbanes-Oxley Act of 2002, (iv) the activities, assets or liabilities

of ASC, (v) the net operating losses and the recoverable asset tax balances of Minera México and its subsidiaries and (vi) affiliate transactions.

- The non-performance or other breach of covenants relating to (i) post-closing deliveries, (ii) permits and (iii) certain Mexican tax matters;
- pre-closing environmental matters, with such indemnification surviving until the fifth anniversary of the closing date; and
- the enforcement of any rights to indemnification under the Agreement and Plan of Merger.

Indemnification under the Agreement and Plan of Merger is limited as follows:

- AMC is required to provide full reimbursement with respect to claims associated with breaches of (i) representations and warranties relating to the capitalization of Minera México and its subsidiaries, the activities, assets or liabilities of ASC or the net operating losses and the recoverable asset tax balances of Minera México and its subsidiaries and (ii) the covenants relating to post-closing deliveries and certain Mexican tax matters;
- For all other indemnification claims, the maximum amount recoverable is \$600,000,000;
- Except with respect to certain matters discussed below, AMC's indemnification obligation is further limited in that it is not required to provide indemnification until the total amount of damages sought exceeds \$100,000,000 (the "deductible") and then only to the extent of the amount that exceeds the deductible; and
- The deductible does not apply to breaches in respect of the following representations, warranties, covenants or agreements: (i) the capitalization of Minera México and its subsidiaries, (ii) the activities, assets or liabilities of ASC, (iii) the net operating losses and the recoverable asset tax balances of Minera México and its subsidiaries, (iv) post-closing deliveries, (v) obtaining certain permits, (vi) certain Mexican tax matters and (vii) certain scheduled pre-closing environmental matters.

### **Appraisal Rights**

If you choose to vote against any of the proposals described in this proxy statement, Delaware General Corporation Law does not afford you any appraisal rights, as defined under Delaware law, because your shares are ineligible for such treatment pursuant to Section 262 of the Delaware General Corporation Law.

### **Accounting Treatment**

Given that both we and Minera México have the same indirect controlling stockholder, Grupo México, the merger will be accounted for on a historical carryover basis in a manner similar to the "pooling-of-interests" method of accounting. Accordingly, all of Minera México's historical assets and liabilities will be combined with ours at historical cost. The difference in the value of the new shares issued in the merger to AMC and the net carrying value of Minera México will be recognized in equity.

### **Material United States Federal Income Tax Consequences of the Merger**

The following discussion is a summary of the material United States federal income tax consequences of the merger and our pre-closing distribution of the \$100 million transaction dividend, in aggregate, to holders of our Common Stock and Class A Common Stock. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, applicable Treasury regulations, and administrative and judicial interpretations thereof, each as in effect as of the date of

this proxy statement, all of which may change, possibly with retroactive effect. This discussion does not address any state, local or foreign tax consequences of the merger or the distribution.

As used in this discussion, the term U.S. holder means a beneficial owner of our Common Stock or Class A Common Stock that is:

- an individual who is a citizen or resident of the United States;
- a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision of the United States, other than a partnership treated as foreign under U.S. Treasury Regulations;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, in general, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust.

An individual may be treated as a resident of the United States in any calendar year for U.S. federal income tax purposes, instead of a nonresident, by, among other ways, being present in the United States for at least 31 days in that calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year. For purposes of this calculation, you would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for U.S. federal income tax purposes as if they were U.S. citizens.

For purposes of this discussion, a non-U.S. holder is any holder of our Common Stock or Class A Common Stock, other than a U.S. holder.

### ***Tax Consequences of the Merger***

The Agreement and Plan of Merger provides that it is the intention of the parties that the merger qualify as a "reorganization" within the meaning of Section 368(a) of the Code. Provided that the merger qualifies as a "reorganization," holders of outstanding stock of ASC will not recognize gain or loss for federal income tax purposes and the aggregate tax basis of the shares of Common Stock received by ASC's stockholders in the merger will equal the aggregate tax basis of those stockholders in their ASC stock immediately before the merger.

### ***Tax Consequences of the Distribution of the Aggregate \$100 Million Transaction Dividend***

#### **Taxation of U.S. Holders**

Prior to closing the merger, we will distribute a transaction dividend, totaling \$100 million, to the holders of our Common Stock and Class A Common Stock. Each U.S. holder's pro-rata share of this distribution will be includible in the gross income of the U.S. holder as ordinary dividend income to the extent paid out of our current or accumulated earnings and profits, as determined for United States federal income tax purposes. We expect that we will have sufficient earnings and profits so that the entire \$100 million distribution will be treated as a dividend for United States federal income tax purposes. In the unlikely event that we do not have sufficient current or accumulated earnings and profits to qualify the entire distribution as a dividend, the portion of the distribution to a U.S. holder in excess of our current or accumulated earnings and profits will be treated as a return of the U.S. holder's tax basis in our Common Stock or Class A Common Stock, as the case may be, and then as gain from the sale or exchange of such stock. Under current law a maximum 15% U.S. federal income tax rate applies to any dividends that are properly included in a holder's income prior to January 1, 2009. Any portion of the distribution that is treated as a dividend and paid to a stockholder that is a



U.S. corporation will generally be eligible for the dividends received deduction, subject to applicable limitations.

### **Special Rule for Extraordinary Distributions Paid to Corporate Stockholders**

If any dividend paid to a holder that is a U.S. corporation is treated as an "extraordinary dividend," the non-taxed portion of the dividend (i.e. the portion of the dividend not included in income as a result of the dividends received deduction) will reduce the holder's tax basis in our Common Stock or Class A Common Stock, as the case may be. To the extent the reduction exceeds the holder's tax basis, the excess will be treated as gain from the sale or exchange of those shares. A dividend will generally be considered an "extraordinary dividend" if the amount of the dividend (and, in certain cases, the sum of all dividends received within a one year period) equals or exceeds 10 percent of the corporate holder's adjusted tax basis in their shares. The tax basis reduction discussed above will not apply to any extraordinary dividend paid with respect to our Common Stock or Class A Common Stock that was held by a corporation for more than 2 years before the "dividend announcement date". The "dividend announcement date" for the contemplated \$100 million distribution will be the date on which we are treated as declaring, announcing or agreeing to the amount or payment of the dividend, whichever is earliest. It is not clear how to determine the dividend announcement date with respect to the \$100 million distribution. It can be argued that the distribution is not declared, announced or agreed to until our board of directors agrees to make the distribution. However, one could also argue that the execution of the agreement and plan of merger or the filing of this proxy statement constitutes an agreement regarding the amount of the dividend, if paid. In light of this uncertainty, you are urged to consult your own tax advisors regarding the application of the extraordinary dividend rules to your particular situation.

### **Backup Withholding and Information Reporting**

In general, information reporting requirements will apply to dividend payments in respect of our stock with respect to a non-corporate U.S. holders, and "backup withholding" at the rate of 28% will apply to such payments if the holder or beneficial owner fails to provide an accurate taxpayer identification number in the manner required by United States law and applicable regulations, if there has been notification from the Internal Revenue Service of a failure by the holder or beneficial owner to report all interest or dividends required to be shown on its federal income tax returns or, in certain circumstances, if the holder or beneficial owner fails to comply with applicable certification requirements. Certain corporations and persons that are not United States persons may be required to establish their exemption from information reporting and backup withholding by certifying their status on an appropriate Internal Revenue Service form.

Amounts withheld under the backup withholding rules may be credited against a holder's tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service.

### **Taxation of Non-U.S. Holders**

A non-U.S. holder's allocable portion of the \$100 million transaction dividend distribution will be treated as a dividend to the extent paid out of our current or accumulated earnings and profits, as determined for United States federal income tax purposes. We expect that we will have sufficient earnings and profits so that the entire \$100 million distribution will be treated as a dividend for United States federal income tax purposes. In the unlikely event that we do not have sufficient current or accumulated earnings and profits to qualify the entire distribution as a dividend, the portion of the distribution in excess of our current or accumulated earnings and profits will be treated as a return of the non-U.S. holder's tax basis in our Common Stock or Class A Common Stock, as the case may be, and then as gain from the sale or exchange of such stock.

Under current law, a corporation organized in the United States, like the Company, is required to withhold tax at a rate of 30%, or a lower rate under an applicable income tax treaty, from the gross amount of any distribution to a non-U.S. holder that is treated as a dividend, except to the extent the corporation meets certain requirements known as the "active foreign business requirements." We will meet the active foreign business requirements if we establish that at least 80 percent of our gross income for the three year period ending on the last day of the taxable year preceding the year that the dividend is paid is (i) from sources outside the United States and (ii) attributable to the active conduct of a trade or business in a foreign country. If we meet these requirements, we will be required to withhold United States federal withholding tax only with respect to that percentage of any dividend that equals the percentage that our United States source income bears to our total income. We expect that we will meet the active foreign business requirements with respect to the \$100 million distribution. Moreover, we expect that substantially all if not all of our income for the relevant period will be from sources outside the United States and, accordingly, a very small percentage, if any, of United States federal withholding tax will be required with respect to dividends paid to non-U.S. holders. We can not assure you however that we will not have a somewhat greater percentage of United States source income and that a greater percentage of United States withholding tax will not be required.

The federal income tax discussion set forth above is included for general information only and is based upon present law. Due to the individual nature of tax consequences, you are urged to consult your tax advisors as to the specific tax consequences to you of the distribution and merger, including the effects of applicable state, local or other tax laws.

### **Regulatory Approvals**

We have obtained all regulatory approvals required to be obtained in connection with the consummation of the merger.

### **Completion of the Merger**

The merger will become effective when we file a Certificate of Merger with the Secretary of State of the State of Delaware, which will occur as soon as practicable following the satisfaction or waiver of all of the conditions to the merger.

### **Rights of Stockholders**

Your rights as a stockholder will not change following the merger. In addition, ASC's stockholder, AMC, will have the same rights as you do with respect to the new shares of Common Stock that it will receive in the merger. We currently anticipate that the merger will not result in any change in the two-class structure of our capital stock and both Common Stock and Class A Common Stock will remain outstanding.

## RISK FACTORS

### Certain Risks Associated with the Merger

In deciding whether to vote in favor of the three proposals discussed herein, you should read carefully this proxy statement and the documents to which we refer you. You should also carefully consider the following factors:

*Benefits of the combination may not be realized*

If we complete the proposed acquisition of Minera México, we will integrate two companies that have previously operated independently. This will involve integrating, among other operations:

- mining operations; and
- worldwide exploration and development activities.

We may not be able to integrate our operations and those of Minera México without encountering difficulties and anticipated cost and other synergies may not be realized. The diversion of the attention of management to the integration effort and any difficulties encountered in combining operations could adversely affect the combined company's businesses.

*Fluctuations in the relative values of each of the companies could have an effect on the value and the parity of the merger consideration.*

We are offering 67,207,640 shares of our Common Stock to AMC in exchange for all of the outstanding shares of ASC, which owns, through the Guaranty Trust and directly, approximately 99.1463% of the outstanding shares of Minera México in exchange for all of the outstanding shares of ASC. Fluctuations in the market price of our Common Stock or the value of Minera México could have an effect on the overall value or parity of the merger consideration.

### Certain Risks Associated with Minera México's Business and Doing Business In Mexico

In addition to the risks discussed above, you should also carefully consider the following factors associated with Minera México's business and certain factors relating to Mexico and elsewhere, which may adversely affect Minera México's business, results of operations and financial condition:

*Fluctuations in the market price of the metals that Minera México produces may significantly affect its financial performance*

The financial performance of Minera México is significantly affected by the market prices of the metals that it produces and, in particular, market prices of copper, zinc and silver. These prices have historically been subject to wide fluctuations and are affected by numerous factors beyond Minera México's control, including international economic and political conditions, levels of supply and demand, expectation of inflation, actions of commodity market participants, consumption and demand patterns, the availability and cost of substitutes, inventory levels maintained by producers and others and, to a lesser degree, inventory carrying costs and currency exchange rates. In addition, the market prices of certain metals have on occasion been subject to rapid short-term changes due to speculative activities. For information on copper, zinc and silver prices for each of the years in the five-year period ended December 31, 2003, see Item 4 "Information on the Company—Metals Prices" of Minera México's Annual Report filed on Form 20-F for the year ended December 31, 2003, which is incorporated herein by reference.

Minera México's results were adversely affected in 2001 and 2002 by decreases in copper prices. Copper prices averaged \$1.29 per pound during 2004 as compared to \$0.81 per pound during 2003, \$0.72 per pound during 2002 and \$0.73 per pound during 2001. The price of copper was \$1.49 per pound on December 30, 2004, and the lowest price of copper during 2004 was \$1.06 per pound on January 7, 2004. The price of copper was \$1.43 per pound on February 2, 2005. In the event of a substantial and sustained decline in the price of copper, negative trends in operating results may occur,



and Minera México might, in very adverse market conditions, consider curtailing or modifying certain of its mining and processing operations.

***Despite the refinancing of Minera México's indebtedness, its financial condition and liquidity may not improve***

Under pressure due to low metals prices and the resulting drop in liquidity, Minera México restructured its debt to financial institutions in 2003 because of its failure to make scheduled payments and its noncompliance with certain financial covenants contained in its credit agreements. Minera México refinanced this restructured debt on October 29, 2004.

The terms of the refinancing impose financial and other restrictions on Minera México and its subsidiaries, including limitations on the incurrence of additional debt and liens and on its ability to dispose of assets. These restrictions may reduce Minera México's flexibility in responding to changing business or economic conditions. In addition, this indebtedness is secured by shares representing common stock of Minera México and assets of its two main subsidiaries (Mexicana de Cobre, S.A. de C.V. and Mexicana de Cananea, S.A. de C.V.), including their concession rights. Failure by Minera México to comply with the provisions of this indebtedness will give the relevant lenders the right to retain the proceeds of the collateral, to declare the indebtedness to be in default, to accelerate the maturity of the indebtedness or to take other enforcement action against Minera México. Any such enforcement action would have an adverse effect on Minera México's financial position. Minera México continues to be exposed to the other risks enumerated in these "Risk Factors" even after the restructuring. There can be no assurance that it will be able to comply with the terms of its indebtedness or that it will not be in payment default in the future.

***Minera México may be adversely affected by the imposition of more stringent environmental regulations that would require it to spend additional funds***

The mining and processing industries in Mexico are subject to federal and state laws and regulations (including certain industry technical standards) governing protection and remediation of the environment, mining operations, occupational health and safety and other matters. Mexican environmental regulations have become increasingly stringent over the last decade. This trend is likely to continue and may be influenced by the environmental agreement entered into by Mexico, the United States and Canada in connection with the North American Free Trade Agreement. Accordingly, although Minera México believes that all of its facilities are in material compliance with currently applicable environmental, mining and other laws and regulations, there can be no assurance that more stringent enforcement of existing laws and regulations or the adoption of additional laws and regulations would not have an adverse effect on Minera México's business, properties, results of operations, financial condition or prospects.

Due to the location of certain of Minera México's facilities near urban areas, environmental or other regulatory authorities may adopt measures that may restrict the operation of such facilities. These measures could have an adverse effect on Minera México's financial position and results of operations.

***Minera México's actual reserves may not conform to current expectations***

The proven and probable ore reserve data included in Minera México's Annual Report filed on Form 20-F for the year ended December 21, 2003, which is incorporated herein by reference, are estimates based on standard evaluation methods generally used in the international mining industry. Reserve estimates may require revision based on actual production experience. There can be no assurance that actual reserves will conform to geological, metallurgical or other expectations or that the estimated volume and grade of ore will be recovered. Lower market prices, increased production costs, reduced recovery rates, short-term operating factors and other factors may render proven and probable reserves uneconomic to exploit and may result in revision of reserve data from time to time. Reserve data are not indicative of future results of operations.

***Metals exploration efforts are highly speculative in nature and may be unsuccessful***

Metals exploration is highly speculative in nature, involves many risks and frequently is unsuccessful. Once mineralization is discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable ore reserves through drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. As a result of the foregoing uncertainties, no assurance can be given that the exploration programs of Minera México will result in the expansion or replacement of current production with new proven and probable ore reserves.

Development projects have no operating history upon which to base estimates of proven and probable ore reserves and estimates of future cash operating costs. Such estimates are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of the mineral from the ore, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns based upon development of proven and probable ore reserves may differ significantly from those originally estimated. Moreover, significant decreases in actual over expected prices may mean reserves, once found, will be uneconomical to produce. It is not unusual in new mining operations to experience unexpected problems during the start-up phase.

***There is uncertainty as to the termination and renewal of Minera México's concessions***

Under Mexican law, mineral resources belong to the Mexican state and a concession from the Mexican federal government is required to explore for or exploit mineral reserves. Minera México's mineral rights derive from concessions granted by the Secretaría de Economía, formerly known as Secretaría de Comercio y Fomento Industrial or the Secretary of Economy pursuant to the Ley Minera (the mining law) and regulations thereunder.

Mining concessions may be terminated if the obligations of the concessionaire are not satisfied. A concessionaire of a mining concession is obligated, among other things, to explore or exploit the relevant concession, to pay any relevant fees, to comply with all environmental and safety standards, and to provide information to the Secretary of Economy and permit inspections by the Secretary of Economy.

***Mexican economic and political conditions may have an adverse impact on Minera México's business***

In the past, Mexico has experienced both prolonged periods of weak economic conditions and dramatic deterioration in economic conditions, characterized by exchange rate instability and significant devaluation of the peso, increased inflation, high domestic interest rates, a substantial outflow of capital, negative economic growth, reduced consumer purchasing power and high unemployment. An economic crisis occurred in 1995 in the context of a series of internal disruptions and political events including a large current account deficit, civil unrest in the southern state of Chiapas, the assassination of two prominent political figures, a substantial outflow of capital and a significant devaluation of the peso. There can be no assurance that such conditions will not recur or that such conditions will not have a material adverse effect on Minera México's financial condition and results of operations.

The annual inflation rate in Mexico was 12.8% in 1999, 9.0% in 2000, 4.4% in 2001, 5.7% in 2002, 4.0% in 2003 and 5.2% in 2004. The Mexican government has publicly announced that it does not expect inflation to exceed 4.0% in 2005. Interest rates on 28-day *Certificados de la Tesorería* (Cetes or Mexican treasury bills) were an average of 16.25% per annum in 1999, 15.24% per annum in 2000, 11.26% per annum in 2001, 7.09% per annum in 2002, 6.24% per annum in 2003 and 6.84% per annum in 2004. On February 2, 2005, the 28-day Cetes rate was 8.70% per annum. Mexico's gross domestic product increased at an annual rate of 3.7% in 1999 and 6.9% in 2000, decreased 0.3% in

2001 and increased .09% in 2002 and 1.3% in 2003. Gross domestic product increased at an annualized rate of 4.4% in the period ended September 30, 2004. International reserves were \$30.7 billion at December 31, 1999, \$33.6 billion at December 31, 2000, \$40.9 billion at December 31, 2001, \$48.0 billion at December 31, 2002, \$57.4 billion at December 31, 2003 and \$61.5 billion at December 31, 2004.

On July 2, 2000, Vicente Fox of the Partido Acción Nacional, or PAN, was elected president. Although his election ended more than 70 years of presidential rule by the Partido Revolucionario Institucional, or PRI, neither the PAN nor the PRI succeeded in securing a majority in the Mexican congress. The resulting legislative gridlock has impeded the progress of reforms in Mexico, which could adversely affect economic conditions in Mexico or Minera México's results of operations. Furthermore, economic plans of the Mexican government in the past have not, in certain respects, fully achieved their objectives, and there can be no assurance that these and other economic plans of the Mexican government will achieve their stated goals. Future Mexican governmental actions could have an adverse effect on market conditions, prices and returns on Mexican securities (including Minera México's securities) and Mexican companies (including Minera México, its business, results of operations, financial condition, ability to obtain financing and prospects).

***Inflation, restrictive exchange control policies and devaluation of the peso may adversely affect Minera México's financial condition and results of operations***

The inflation rate in Mexico, as measured by the NCPI, was 12.3% in 1999, 9.0% in 2000, 4.4% in 2001, 5.7% in 2002, 4.0% in 2003 and 5.2% in 2004. At the same time, the peso has been subject in the past to significant devaluation, which may not have been proportionate to the inflation rate and may not be proportionate to the inflation rate in the future. The value of the peso declined by 4.2% in 1999 and 0.81% in 2000, appreciated by 4.48% in 2001 and declined by 12.47% in 2002, 8.44% in 2003 and 0.26% in 2004.

Although all of Minera México's sales of metals are priced and invoiced in U.S. dollars, a substantial portion of its cost of sales (approximately 74% in 2003) is denominated in pesos. Accordingly, when inflation in Mexico increases without a corresponding devaluation of the peso, as it did in 2000, 2001 and 2002, Minera México's net income is adversely affected.

Minera México recorded net remeasurement gain of \$19.7 million in 2003. The peso has been subject to significant devaluation in the past and has caused Minera México to suffer net remeasurement losses. There can be no assurance that such devaluation will not occur in the future or that it will not result in net remeasurement losses for Minera México.

The Mexican government has instituted restrictive exchange control policies in the past due to then current account balance of payment deficits and shortages in foreign exchange reserves. In the event of renewed shortages of foreign currency, no assurance can be given that the Mexican government will not institute restrictive exchange control policies in the future. The imposition of such policies in the future could impair Minera México's ability to obtain imported goods and to meet its U.S. dollar-denominated obligations (including its notes) and could have an adverse effect on its business and financial condition.

***Developments in other emerging market countries and in the United States may adversely affect the market value of Minera México***

The market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers. In the past, economic crises in Asia, Russia, Brazil and other emerging market countries adversely affected the Mexican economy.

In addition, in recent years economic conditions in Mexico have increasingly become correlated to U.S. economic conditions. Therefore, adverse economic conditions in the United States could have a significant adverse effect on Mexican economic conditions. There can be no assurance that the market value of Minera México would not be adversely affected by events elsewhere, especially in emerging market countries.

## OUR SELECTED FINANCIAL DATA

Our selected historical financial data presented below as of and for the five years ended December 31 2003, and for the nine months ended September 30, 2004 and 2003. The five years historical data ended December 31, 2003, includes certain information that has been derived from our consolidated financial statements. The financial information for the nine months ended September 30, 2004 and 2003 is unaudited and may not be indicative of results for the full fiscal year. The selected financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures about Market Risk" and the consolidated financial statements and notes thereto contained in our Annual Report filed on Form 10-K (as amended) for the year ended December 31, 2003, which have been audited by PricewaterhouseCoopers LLP (years 2003 and 1999), Deloitte & Touche LLP (2002) and Arthur Andersen LLP (years 2001 and 2000).

(in millions, except per share and employee data)	As of and for the period ended September 30,		As of and for the year ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
<b>Consolidated Statement of Earnings:</b>							
Net sales	\$ 1,091	\$ 553	\$ 798	\$ 665	\$ 658	\$ 711	\$ 585
Operating costs and expenses(1)	550	421	581	546	569	561	539
Operating income	540	132	217	119	89	150	46
Minority interest of investment shares in	3	1	1	1	1	2	
Cumulative effect of the change in accounting principle	—	2	2	—	—	—	—
Net earnings	\$ 339	\$ 76	\$ 119	\$ 61	\$ 47	\$ 93	\$ 29
<b>Per Share Amounts:</b>							
Net earnings—basic and diluted	\$ 4.25	\$ 0.95	\$ 1.49	\$ 0.76	\$ 0.58	\$ 1.16	\$ 0.37
Dividends paid	\$ 1.57	\$ 0.36	\$ 0.57	\$ 0.36	\$ 0.36	\$ 0.34	\$ 0.15
<b>Consolidated Balance Sheet:</b>							
Total assets	\$ 2,256	\$ 1,930	\$ 1,931	\$ 1,752	\$ 1,823	\$ 1,771	\$ 1,545
Cash and marketable securities	418.6	295.4	295	148	213	149	11
Total debt	294	349	349	299	396	347	223
Stockholders' equity	1,530	1,315	1,315	1,241	1,209	1,192	1,126
<b>Consolidated Statement of Cash Flows:</b>							
Cash provided from operating activities	\$ 419	\$ 117	\$ 191	\$ 130	\$ 151	\$ 161	\$ 63
Dividends paid	125	27	45	21	29	27	12
Capital expenditures	110	34	50	77	114	109	223
Depreciation, amortization and depletion	58	55	74	68	76	77	74
<b>Capital Stock:</b>							
Common Stock outstanding	14.1	14.1	14.1	14.1	14.1	14.1	14.1
NYSE Price high	\$ 54.10	\$ 48.85	\$ 48.85	\$ 15.54	\$ 15.10	\$ 16.44	\$ 18.06
low	\$ 26.53	\$ 14.42	\$ 14.42	\$ 10.82	\$ 8.42	\$ 11.00	\$ 8.44
Class A Common Stock outstanding	65.9	65.9	65.9	65.9	65.9	65.9	65.9
Book value per share	\$ 19.2	\$ 16.4	\$ 16.44	\$ 15.51	\$ 15.12	\$ 14.90	\$ 14.07
P/E ratio			31.65	20.67	26.07	12.84	38.03
<b>Financial Ratios:</b>							
Current assets to current liabilities	2.4	2.5	2.5	3.1	1.9	3.3	2.4
Debt as % of capitalization	16.1	20.9	20.9%	19.3%	24.5%	22.4%	16.3%
Employees (at year end)	3,531	3,568	3,566	3,575	3,726	3,682	3,844
Notes to five-year selected financial and statistical data							

(1) Includes provision for workers' participation of \$17.8 million, \$8.5 million, \$5.9 million, \$12.1 million and \$3.4 million in the years ended December 31, 2003, 2002, 2001, 2000 and 1999, respectively. Workers' participation is required under Peruvian law and is calculated at 8% of pre-tax earnings.



## MATERIAL RECENT DEVELOPMENTS

We have received correspondence from the SEC regarding a review undertaken by the SEC of our Form 10-K (as amended) filed with the SEC for the year ended 2003 and our Form 10-Q's filed with the SEC for the first, second and third quarters of 2004 and of the Form 20-F of Minera México filed with the SEC for the year ended 2003. Among other matters, the review questioned the appropriateness of a number of accounting methodologies applied by us and Minera México in connection with the preparation of our and Minera México's historical financial statements. Responses were submitted to the questions posed by the SEC in its correspondence and the review has been completed. The SEC has suggested, and we agreed, that in connection with certain of the matters addressed in its correspondence, an amendment of previously prepared annual and quarterly reports was required. Accordingly, on February 25, 2005, we filed a Form 10-K/A for the year ended 2003 and a Form 10-Q/A for each of the first three quarters of 2004. In addition, we have agreed in our responses to make certain changes in our accounting methodologies in future SEC filings, which changes could make it more difficult to conduct period to period comparisons.

Three purported class action derivative lawsuits have been filed in the Delaware Court of Chancery (New Castle County) relating to the proposed merger transaction. On January 31, 2005, the three actions—*Lemon Bay, LLP v. Americas Mining Corporation, et al.*, Civil Action No. 961-N, *Therault Trust v. Luis Palomino Bonilla, et al.*, and *Southern Peru Copper Corporation, et al.*, Civil Action No. 969-N, and *James Sousa v. Southern Peru Copper Corporation, et al.*, Civil Action No. 978-N—were consolidated into one action titled, *In re Southern Peru Copper Corporation Shareholder Derivative Litigation*, Consol. C.A. No. 961-N and the complaint filed in *Lemon Bay* was designated as the operative complaint in the consolidated lawsuit. The consolidated action purports to be brought on behalf of the company's common stockholders. The complaint alleges, among other things, that the proposed merger is the result of breaches of fiduciary duties by our directors and is not entirely fair to the company and its minority stockholders. The complaint seeks, among other things, a preliminarily and permanent injunction to enjoin the transaction, the award of damages to the class, the award of damages to the company and such other relief that the court deems equitable, including interest, attorneys' and experts' fees and costs. The company believes that the lawsuit is without merit and intends to vigorously defend against the action.

SPCC currently contemplates an anticipated reduction in the volume of copper produced of approximately 8% for 2005. This anticipated reduction in volume results from a decline in ore grade at the SPCC Cuajone Mine. SPCC anticipates that this volume reduction will be offset somewhat by the purchase of copper concentrates in January of 2005 and an increase in the recovery rates. The effect of this anticipated reduction in copper volume production in respect of SPCC's 2005 sales is subject to a variety of contingencies, including the price of copper and molybdenum during the year.

## SELECTED FINANCIAL DATA FOR MINERA MÉXICO

The selected historical data for Minera México presented below as of and for the five years ended December 31, 2003, and for the nine months ended September 30, 2004 and 2003, includes certain information that has been derived from Minera México's consolidated financial statements, including the financial statements included elsewhere in Minera México's Annual Report filed on Form 20-F for the year ended December 31, 2003. The financial information for the nine months ended September 30, 2004 and 2003 is unaudited and may not be indicative of results for the full fiscal year. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, including the notes thereto, and Item 5 "Operating and Financial Review and Prospects" of Minera México's Annual Report filed on Form 20-F for the year ended December 31, 2003.

Minera México's financial statements are presented in U.S. dollars and in accordance with accounting principles generally accepted in the United States of America. Minera México is a majority-owned indirect subsidiary of Grupo México, an entity registered pursuant to Mexican law. Minera México comprises substantially all the assets and liabilities of Grupo México associated with its mining operations in México. For foreign exchange purposes and basis of presentation and measurement, Minera México's functional currency is the U.S. dollar. Minera México maintains its books in Mexican Pesos. Foreign currency assets and liabilities are re-measured into U.S. dollars at current exchange rates except for inventory, property, plant and equipment and other non-monetary assets, which are re-measured at historical exchange rates. Revenues and expenses are generally translated at average exchange rates in effect during the period, except for those expenses related to balance sheet amounts that are remeasured at historical exchange rates.

For purposes of Minera México's Annual Report filed on Form 20-F for the year ended December 31, 2003, Minera México has restated the reconciliation of net income (loss) and stockholders' equity to U.S. generally accepted accounting principles as of and for the years ended December 31, 2002 and 2001 previously reported by its predecessor, Grupo Minero México, S.A. de C.V., to give effect to the identification of the U.S. dollar as the functional currency. The effect of the restatement is further discussed in Note 18 to the audited consolidated financial statements of Minera México's Annual Report filed on Form 20-F for the year ended December 31, 2003.

	As of and for the period ended September 30,		As of and for the year ended December 31,				
	2004	2003	1999	2000	2001	2002	2003(1)
(millions of U.S. dollars, except ratios and per share data)							
<b>Consolidated Statement of Operations:</b>							
Net sales	\$ 973.1	\$ 526.9	\$ 1,689.7	\$ 1,128.0	\$ 901.5	\$ 723.8	\$ 781.6
Operating costs and expenses(2)	576.2	483.8	1,522.4	998.9	894.6	708.1	691.6
Operating income	396.9	43.1	167.3	129.1	6.9	15.7	90.0
Income (loss) before extraordinary gain	276.6	(91.8)	59.9	(75.6)	(154.3)	84.4	(35.2)
Extraordinary gain, net of tax	—	—	2.2	1.2	—	—	—
Net income (loss)	276.6	(91.8)	62.1	(74.4)	(154.3)	84.4	(35.2)
<b>Per Share amounts:</b>							
Earnings (loss) per share	0.36	(0.11)	0.10	(0.12)	(0.23)	0.13	(0.05)
Number of outstanding shares	769,604	769,604	630,000	659,463	659,463	659,463	769,604
<b>Consolidated Balance Sheets:</b>							
Total assets	2,590.4	2,564.5	7,329.6(3)	2,682.3	2,667.6	2,666.8	2,564.5
Cash and cash equivalents	45.8	56.1	94.6	25.2	47.6(4)	115.6(4)	56.1
Total debt	1,039.9	1,322.2	3,286.8	1,361.9	1,335.9	1,322.2	1,322.2
Stockholders' equity	982.7	707.8	1,810.7	710.5(5)	542.4	640.1	707.9
<b>Consolidated Statement of Cash Flows:</b>							
Cash provided from operating activities	325.1	(179.0)	369.4	76.7	160.3	86.4	(90.2)
Capital expenditures	40.1	12.3	918.8(6)	144.8	127.7	43.2	54.6
Depreciation, amortization and depletion	85.8	76.7	141.9	83.3	89.6	89.8	103.5
Dividends paid	—	—	30.5	—	—	—	—
<b>Capital Stock:</b>							
Weighted average of shares outstanding	769,604	769,604	634,035	630,292	659,463	659,463	738,717
Book value per share	1.28	.92	2.85	1.13	0.82	0.97	0.96
BV/E ratio	3.56	(8.36)	28.5	(9.4)	(356.5)	746.2	(242.5)
<b>Financial Ratios:</b>							
Current assets to current liabilities	1.20	1.45	1.51	0.91	1.11	1.26	1.45
Debt as % of capitalization(7)	51.4	65.1	64.5	65.7	71.1	67.4	65.1
Employees (at year end)	9,259	9,111	12,279	11,344	10,594	9,139	9,147

- (1) At the general Extraordinary Stockholders' Meeting held on May 28, 2003, the stockholders agreed to merge Grupo Minero México, S.A. de C.V., a wholly-owned subsidiary, into Minera México. As the companies were under common control, the merger was accounted for in a manner similar to a pooling-of-interests based on the accounting values of each of the combining entities included in the accounting records of Grupo México. The merger became effective as of October 1, 2003;

as a result Minera México acquired all the assets, liabilities and capital of the merged company, which ceased to exist as a legal entity.

- (2) Includes a provision for workers' participation for 1999, 2000, 2001, 2002 and 2003 of \$33.4 million, \$26.8 million, \$6.5 million, \$9.6 million and \$2.3 million, respectively. Workers' participation is required under Mexican law and is calculated at 10% of the pre-tax earnings.
- (3) The consolidated financial statements as of December 31, 1999, reflect (in addition) the results of ASARCO Incorporated's operations for the period from November 18 through December 31, 1999, and also of Grupo Ferroviario Mexicano's (74% owned) operations for the year 1999.
- (4) As a result of the significant decline in the price of metals produced, Minera México was not in compliance with certain debt covenants during 2001 and 2002 and was in default on certain payment obligations. As a result, holders of Minera México' secured export notes retained export sales in collateral accounts in the amounts of \$41.3 million in 2001 and \$88.0 million in 2002.
- (5) As part of a corporate restructuring, Minera México's predecessor, Grupo México, S.A. de C.V., changed its name to Minera México, S.A. de C.V. and Minera México became the mining division of Grupo México in Mexico after the restructuring. Please see Item 4. "Information on the Company History and Development of the Company" in Minera México Annual Report filed on Form 20-F for the year ended December 31, 2003. This figure represents the carrying value of the net assets transferred in connection with the corporate restructuring.
- (6) Includes the purchase of ASARCO Incorporated shares for \$514.9 million, less ASARCO Incorporated's cash and marketable securities, at the date of purchase of \$229.3 million.
- (7) Debt as % of capitalization is the ratio of total debt to total debt plus stockholder's equity.

**UNAUDITED PRO FORMA COMBINED CONDENSED SELECTED FINANCIAL DATA**

The following unaudited pro forma combined condensed financial data is based on our historical consolidated financial statements as well as those of Minera México both of which are incorporated by reference in this proxy statement. The pro forma data gives effect to the merger described elsewhere in this proxy statement as well as other relevant events which have occurred subsequent to September 30, 2004 and which are not reflected in the historical financial statements of Minera México.

Since the merger will be accounted for as a reorganization of entities under common control and the resulting historical carryover basis combined financial information has not yet been reflected in our historical financial statements which have been published, the pro forma unaudited combined condensed income statements are being presented for all periods for which our historical income statements are required (except for the nine month period ended September 30, 2003). Such income statements reflect the merger as if it had occurred on January 1, 2001. All other pro forma adjustments not directly related to the merger have been prepared as if they had occurred on January 1, 2003 and January 1, 2004 in the accompanying unaudited combined condensed income statements for the year ended December 31, 2003 and nine months ended September 30, 2004, respectively. The unaudited pro forma combined condensed balance sheet as of September 30, 2004, assumes the merger and other relevant events had occurred on September 30, 2004.

The unaudited pro forma combined condensed selected financial data is presented for informational purposes only and do not purport to be indicative of the results of operations that actually would have been achieved had the merger or other pro forma events been consummated on the date or for the periods indicated and do not purport to be indicative of the results of operations as of any future date or any future period. You should read the Unaudited Pro Forma Combined Condensed Selected Financial Data together with the Unaudited Pro Forma Combined Condensed Financial Information and its accompanying notes included in annex D of this proxy statement, and our historical financial statements as well as those of Minera México.

The unaudited pro forma combined condensed selected data has been presented on a U.S. GAAP basis.

**UNAUDITED PRO FORMA COMBINED CONDENSED**  
**STATEMENTS OF EARNINGS**

Stated in Thousands of U.S. Dollars, except per share data

	Nine months ended		Year ended	
	September 30, 2004	December 31, 2003	December 31, 2002	December 31, 2001
Net sales:				
Stockholders and affiliates	\$ 53,141	\$ 1,852	\$ 9,137	\$ 29,968
Others	2,011,141	1,574,789	1,379,273	1,530,060
Total net sales	2,064,282	1,576,641	1,388,410	1,560,028
Operating costs and expenses:				
Costs of sales (exclusive of depreciation, amortization and depletion separately shown below)	920,804	992,572	961,190	1,232,764
Administrative	51,661	63,597	69,351	70,174
Depreciation, amortization and depletion	141,949	175,171	157,608	165,901
Exploration	10,546	17,869	13,345	15,939
Total operating costs and expenses	1,124,960	1,249,209	1,201,494	1,484,778
Operating income	939,322	327,432	186,916	75,250
Interest income	5,280	5,198	4,097	23,194
Other income (expense), net	36,782	(4,174)	(4,208)	(435)
Interest expense	(86,267)	(117,290)	(121,527)	(161,641)
Earnings (loss) before taxes on income and minority interest	895,117	211,166	65,278	(63,632)
Provision (benefit) for income taxes	265,950	120,771	(88,496)	46,942
Minority interest of investment shares	2,828	1,158	8,845	(2,819)
Income (loss) from continuing operations	\$ 626,339	\$ 89,237	\$ 144,929	\$ (107,755)
Pro forma per common share amount	\$ 4.25	\$ .61	\$ .98	\$ (.73)
Pro forma weighted average common shares outstanding	147,224,415	147,224,415	147,216,640	147,211,640

**UNAUDITED PRO FORMA COMBINED CONDENSED****BALANCE SHEET****Stated in Thousands of U.S. Dollars****As of September 30, 2004****A S S E T S****Current Assets:**

Cash and cash equivalents	\$ 357,563
Accounts receivable, net	275,897
Inventories	376,264
Others current assets	67,613

Total current assets	1,077,337
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Net property	3,035,913
Capitalized mine stripping, net	311,880
Leachable material, net	119,452
Intangible assets	123,981
Others assets	40,048

Total Assets	\$ 4,708,611
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**L I A B I L I T I E S****Current liabilities:**

Current portion of long-term debt	\$ 26,504
Accounts payable	174,654
Accrued liabilities	455,263

Total current liabilities	656,421
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Due to affiliates	49,228
Long-term debt	1,307,456
Deferred income tax	223,929
Other liabilities	20,545
Asset retirement obligation	38,263

Total non-current liabilities	1,639,421
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MINORITY INTEREST	9,808
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**S T O C K H O L D E R S ' E Q U I T Y**

Common stock	1,545
Retained earnings	1,678,166
Treasury stock	(4,672)
Additional paid-in capital	727,922

Total stockholders equity	2,402,961
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Total liabilities, Minority Interest and Stockholders Equity	\$ 4,708,611
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### HISTORICAL AND PRO FORMA PER SHARE DATA COMPARATIVE PER SHARE DATA

The following table sets forth (a) the historical net income and book value per share of our capital stock in comparison with the pro forma net income and book value per share after giving effect to the proposed merger with Minera México as reorganization of entities under common control; (b) the historical net income and book value per share of Minera México's common stock in comparison with the equivalent pro forma net income and book value per share attributable to 6.7/100ths of a share of our capital stock which will be received for each share of Minera México; and (c) the actual cash dividends per share compared in the case of Minera México with the equivalent pro forma of 6.7/100ths of the cash dividend paid on each share of our capital stock. The information presented in this table is only a summary and should be read in conjunction with the unaudited pro forma combined condensed financial information and the separate financial statements of the respective companies and the notes thereto appearing or incorporated by reference elsewhere here.

	September 2004	2003	December 2002	2001
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Southern Peru Copper Corporation</b>				
Net income:				
Historical (1)	\$ 4.25	\$ 1.49	\$ 0.76	\$ 0.58
Pro forma (2)	4.25	0.61	0.98	(0.73)
Dividends:				
Historical	1.57	0.57	0.36	0.36
Pro forma (3)	1.57	0.57	0.36	0.36
Book value:				
Historical (4)	19.12	16.44	15.51	15.12
Pro forma (5)	16.32			
 <b>Minera México</b>				
Net income:				
Historical (1)	0.36	(0.05)	0.13	(0.23)
Equivalent pro forma (6)	0.28	0.04	0.07	(0.05)
Dividends:				
Historical	0	0	0	0
Equivalent pro forma (7)	0.11	0.04	0.02	0.02
Book value:				
Historical (4)	1.28	0.96	0.97	0.82
Equivalent pro forma (6)	1.09			

- (1) Historical net income per share is computed by dividing net income by the weighted average number of shares for each period presented.
- (2) Pro forma net income per share is computed by dividing net income by the weighted average number of shares had the merger been consummated on January 1, 2001.

	SPCC historical weighted average number of shares	New issuance of shares	SPCC pro forma weighted average number of shares
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Nine-months ended September 30, 2004	80,016,775	67,207,640	147,224,415
Year ended December 31, 2003	80,016,775	67,207,640	147,224,415
Year ended December 31, 2002	80,009,000	67,207,640	147,216,640
Year ended December 31, 2001	80,004,000	67,207,640	147,211,640

- (3) Same as historical.





- (4) Historical book value per share is computed by dividing shareholders equity by the number of common shares outstanding at the end of each period.
- (5) Pro forma book value per share is computed by dividing pro forma shareholders equity by the number of common shares outstanding had the merger been consummated as September 30, 2004.

	SPCC historical outstanding number of shares	New issuance of shares	SPCC pro forma outstanding number of shares
As of September 30, 2004	80,016,775	67,207,640	147,224,415

- (6) Our pro forma amounts are multiplied by 6.7%
- (7) Our historical amounts are multiplied by 6.7%

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth below as to the shares of our Common Stock beneficially owned by the directors and executive officers and by all directors and officers as a group is stated as of January 31, 2005. None of our directors and executive officers beneficially own any shares of our Class A Common Stock.

Southern Peru Copper Corporation		
	Shares of the Company's Common Stock Beneficially Owned (a)	Percent of Outstanding Common Stock
German Larrea Mota—Velasco (c)	1,200	(b)
Xavier Garcia de Quevedo Topete	200	(b)
Oscar González Rocha	0	(b)
Juan Rebolledo Gout	400	(b)
Jaime Fernando Collazo Gonzalez	200	(b)
Emilio Carrillo Gamboa	400	(b)
Carlos Ruiz Sacristan	400	(b)
Harold Handelsman	600	(b)
Genaro Larrea Mota—Velasco	200	(b)
Armando Ortega Gómez	600	(b)
Gilberto Perezalonso Cifuentes	800	(b)
Luis Miguel Palomino Bonilla	400	(b)
All, directors and officers as a group (17 individuals)	5,400	(b)

- (a) Information with respect to beneficial ownership is based upon information furnished by each director or officer. Except as noted below, all directors and officers have sole voting and investment power over the shares beneficially owned by them.
- (b) Less than 0.5%.
- (c) Mr. Larrea disclaims beneficial ownership over the shares of Class A Common Stock owned by SPHC II Incorporated, which in turn is controlled by Grupo México.

Set forth below is certain information with respect to those persons who are known by us to have been, as of January 31, 2005 (except where indicated otherwise), beneficial owners of more than five percent of our outstanding Common Stock or Class A Common Stock.

Common Stock					
Shares of Common Stock Beneficially Owned	Percent of Outstanding Common Stock	Class A Common Stock			
		Shares of Class A Common Stock Beneficially Owned	Percent of Outstanding Class A Common Stock	Percent of Outstanding Capital Stock	Voting Percentage (a)
SPHC II Incorporated (b) 2575 E. Camelback Road, Suite 500, Phoenix, AZ 85016 Cerro Trading Company, Inc.(c) 225 West Washington Street Suite 1900 Chicago, IL 60606	—	43,348,949	65.78%	54.17%	63.08%
Phelps Dodge Corporation(d) One North Central Avenue Phoenix, AZ 85004	—	9,498,088	14.41	11.87	13.82
Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105 (e) AFP Horizonte Av. Republica de Panama 3055, 5th Floor, San Isidro, Lima 27, Peru (f)	985,634	11,173,796	16.96	13.96	16.26
Integra AFP Canaval and Moreyra 522, San Isidro, Lima, Peru (g) Profuturo AFP Francisco Masias 370 San Isidro, Lima 27, Peru (h) AFP Union Vida Pasaje Los Delfines 159, Urb. Las Gardenias, Santiago de Surco, Lima Peru (i)	1,043,425	—	—	1.23	0.29
Mellon Financial Corporation One Mellon Bank Center 500 Grant Street Pittsburgh, PA 15258 (j) Capital Growth Management Limited Partnership One International Place Boston, MA 02110 (k)	1,495,097	—	—	1.23	0.29
	742,736	—	—	1.23	0.29
	1,667,377	—	—	1.23	0.29
	899,023	—	—	1.23	0.29
	801,500	—	—	1.23	0.29

- (a) Our restated certificate of incorporation provides that, except with respect to the election of directors or as required by law, our Common Stock and Class A Common Stock vote together as a single class, with each share of Common Stock entitled to one vote and each share of Class A Common Stock entitled to five votes.
- (b) An indirect wholly-owned subsidiary of Grupo México. On March 31, 2003, SPHC sold all its stock in SPCC to AMC, the immediate parent of ASARCO Incorporated. Immediately after the transaction, the shares of Class A Common Stock were transferred to SPHC, a subsidiary of AMC, and were pledged to a group of financial institutions.
- (c) A subsidiary of The Marmon Corporation. Pursuant to Amendment No. 5 to the Schedule 13D filed by Cerro Trading Company, Inc. on December 29, 2004, Cerro sold 1,880,000 shares of Class A Common Stock to SPC Investors, LLC.
- (d) Pursuant to Amendment No. 1 to the Schedule 13D filed by Phelps Dodge Corporation on December 29, 2004. Of the 11,173,796 shares, 8,963,796 are held by Phelps Dodge Overseas and 2,210,000 shares are held by Climax Molybdenum B.V., both subsidiaries of Phelps Dodge Corporation.

- (e) As reported on a Schedule 13-G filed by Barclays Global Investors, NA on February 14, 2005. Barclays Global Investors reports sole voting over 858,391 shares and sole dispositive power over 985,634 shares. Certain of the shares reported may also be owned beneficially by other holders of more than 5% of our Common Stock.
- (f) Information provided by AFP Horizonte as of December 31, 2004.
- (g) Information provided by Integra AFP as of December 31, 2004.
- (h) Information provided by Profuturo AFP as of December 31, 2004.
- (i) Information provided by AFP Union Vida as of December 31, 2004.
- (j) As reported on a Schedule 13-G filed by Mellon Financial Corporation on February 14, 2005. Mellon Financial Corporation reports sole voting over 890,323 shares and sole dispositive power over 893,083 shares.
- (k) As reported on a Schedule 13-G filed by Capital Growth Management Limited Partnership on February 11, 2005. Capital Growth Management Limited Partnership reports sole voting power over 730,500 shares and shared dispositive power over 801,500 shares.

Our restated certificate of incorporation provides that each share of our Class A Common Stock automatically converts into one share of our Common Stock (voting share for share as a single class on all matters including election of directors), if at any time the number of shares of our Class A Common Stock and Common Stock owned by the holders of our Class A Common Stock (or affiliates thereof) is less than 35% of the outstanding shares of our Class A Common Stock and Common Stock. At such time the stockholders' agreement among our holders of Class A Common Stock would terminate. In addition, the rights and obligations of each holder of our Class A Common Stock under the stockholders' agreement terminate in the event such holder of Class A Common Stock (or its affiliates) ceases to own shares of our Class A Common Stock. Based on the letter agreements between AMC and Cerro and AMC and Phelps Dodge Corporation described under "*Special Meeting Information - Arrangements With Respect to the Vote*", each of AMC and Cerro and Phelps Dodge Corporation expressed their current intent to take all action reasonably necessary to effect simultaneously with the closing of the merger the conversion of their shares of Class A Common Stock into a single class of Common Stock. The merger will not result in any change in the two class structure of our capital stock and both Common Stock and Class A Common Stock will remain outstanding. We understand that none of AMC, Cerro or Phelps Dodge Corporation will voluntarily convert their shares of Class A Common Stock unless all shares of Class A Common Stock are simultaneously converted.

In addition, the following information is provided in satisfaction of applicable rules of the Securities and Exchange Commission. Grupo México, S.A. de C.V. is a Mexican corporation with its principal executive offices located at Baja California 200, Colonia Roma Sur, 06760 Mexico City, Mexico. Grupo México is our largest stockholder. Through its wholly-owned subsidiaries, AMC and SPHC II Incorporated, it currently owns approximately 54.2% of our capital stock and approximately 65.8% of our Class A Common Stock. Grupo México's principal business is to act as a holding company for shares of other corporations engaged in the mining, processing, purchase and sale of minerals and other products and railway services. Grupo México shares are listed on the Mexican Stock Exchange.

You should be aware that some of our executive officers and directors have interests in the merger that may be in addition to or different from the interests of our stockholders generally. These interests relate primarily from, among other things, their ownership of shares in Grupo México. The largest stockholder of Grupo México is Empresarios Industriales de México, S.A. de C.V. or EIM, which is a Mexican corporation. The principal business of EIM is to act as a holding company for shares of other corporations engaged in a variety of businesses including mining, construction, real estate and drilling.

The Larrea family, directly controls the majority of the capital stock of EIM and directly and indirectly controls a majority of the votes of the capital stock of Grupo México.

<b>Director/Officer</b>	<b>Beneficial Ownership</b>
Xavier Garcia de Quevedo Topete	94,902
Genaro Larrea Mota-Velasco	9,411,000
Oscar Gonzalez Rocha(1)	163,139
Remigio Martinez Muller	16,176
Vidal Muhech Dip	6,049
Armando Ortega Gomez	987
Juan Rebolledo Gout	13,012
<b>Total</b>	<b>9,705,265</b>

- (1) Mr. Oscar Gonzalez Rocha has the right to acquire 38,523 additional shares of Grupo México under Grupo México's stock option plan.

Except as set forth above, and to our knowledge, none of our directors and executive officers beneficially own any equity security of Grupo México.

### STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at our 2005 annual meeting of stockholders must have been received by us at our principal executive office in the United States (2575 E. Camelback Rd. Suite 500, Phoenix, AZ 85016, USA) by November 30, 2004 in order to be considered for inclusion in our proxy statement and form of proxy.

### INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents filed with the Securities and Exchange Commission by us pursuant to the Exchange Act of 1934 are incorporated by reference in this proxy statement:

- (a) Our Annual Report on Form 10-K (as amended) for the year ended December 31, 2003;
- (b) Our Quarterly Reports on Form 10-Q (as amended) for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004; and
- (c) Our Current Reports on Form 8-K filed on January 7, 2004, January 30, 2004, February 4, 2004, February 13, 2004, February 18, 2004, March 22, 2004, April 21, 2004, April 30, 2004, July 23, 2004, August 18, 2004, August 31, 2004, September 13, 2004, September 24, 2004, October 22, 2004 and January 27, 2005.

The following documents filed with the Securities and Exchange Commission by Minera México pursuant to the Exchange Act of 1934 are incorporated by reference in this proxy statement.

- (a) Minera México's Annual Report on Form 20-F for the year ended December 31, 2003; and
- (b) Minera México's Current Reports on Form 6-K filed May 28, 2004 and November 26, 2004.

All documents and reports filed by us and Minera México pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934 subsequent to the date of this proxy statement and prior to the special meeting shall be deemed to be incorporated by reference in this proxy statement and to be a part hereof from the respective dates of the filing of such documents or reports. Any statement contained herein or in a document incorporated by reference or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this proxy statement to

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the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such earlier statement.

This proxy statement incorporates documents by reference which are not presented herein or delivered herewith, such documents (other than exhibits to such documents unless such exhibits are specifically incorporated by reference) are available, without charge, to any person whom this proxy statement is delivered, on written or oral request, in the case of documents relating to the Company, to Southern Peru Copper Corporation, 2575 East Camelback Road, Suite 500, Phoenix, Arizona 85016, (602) 977-6595, or, in the case of documents relating to Minera México, to Minera México, Baja California 200, Col. Roma Sur, 06760 Mexico City, Mexico, 011-52-55-5080-0050. In order to ensure timely delivery of the documents, any request should be made no later than five days prior to the date of the special meeting.

### **AVAILABLE INFORMATION**

We are required to file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission under the Exchange Act of 1934. Minera México is required to file annual and special reports and other information with the Securities and Exchange Commission under the Exchange Act of 1934. You may read and copy this information in person at the following location of the Securities and Exchange Commission:

Public Reference Room  
450 Fifth Street, N.W. Suite 1024  
Washington, D.C. 20549

Copies of this information may also be obtained by mail from the Public Reference Room of the Securities and Exchange Commission, 450 Fifth Street, N.W., Suite 1024, Washington, D.C. 20549, at prescribed rates. Information on the operation of the Securities and Exchange Commission's public reference room can be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a website that contains reports, proxy statements and other information about issuers, like us and Minera México, that file electronically with the Securities and Exchange Commission. The address of that site is <http://www.sec.gov>.

### **INDEPENDENT AUDITORS**

One or more representatives of PricewaterhouseCoopers S.C., our independent accountants, are expected to be present at the special meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**OTHER MATTERS**

We are not aware of any other matters to be considered at the special meeting. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy are ratified to and will vote said proxy in accordance with their judgment on such matters.

Southern Peru Copper Corporation

/s/ Armando Ortega Gómez

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Armando Ortega Gómez,  
Secretary

February 28, 2005

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**Annex A**

**EXECUTION COPY**

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**AGREEMENT AND PLAN OF MERGER**

dated as of October 21, 2004

by and among

SOUTHERN PERU COPPER CORPORATION,

SPCC MERGER SUB, INC.

and

AMERICAS SALES COMPANY, INC.,

AMERICAS MINING CORPORATION,

MINERA MÉXICO S.A. DE C.V.

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## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of October 21, 2004 (this "*Agreement*"), is made by and among Southern Peru Copper Corporation, a Delaware Corporation ("*Parent*"), SPCC Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("*Merger Sub*"), Americas Sales Company, Inc., a Delaware corporation ("*ASC*"), Americas Mining Corporation, a Delaware corporation ("*AMC*"), and Minera México S.A. de C.V., a corporation (*sociedad anónima de capital variable*) organized under the laws of the United Mexican States ("*México*") and a subsidiary of ASC (the "*Company*").

WHEREAS, Parent has authority to issue a total of 100,000,000 shares of its capital stock, par value \$0.01 per share (the "*Parent Stock*"), consisting of 65,900,833 shares of Class A Common Stock (the "*Parent Class A Common Stock*") and 34,099,167 shares of Common Stock ("*Parent Common Stock*") as of the date hereof;

WHEREAS, Affiliates of ASC have proposed to the board of directors of Parent (the "*Parent Board*") a transaction pursuant to which Parent would, among other things, acquire the outstanding shares of the Company currently owned by ASC and AMC would acquire additional shares of Parent Common Stock;

WHEREAS, AMC owns, through the Guaranty Trust and directly, 763,034,355 shares of the Company, representing approximately 99.1463% of the outstanding shares of the Company ("*Company Common Stock*"), as of the date hereof, and Parent and its Affiliates will own such shares of Company Common Stock on the Closing Date;

WHEREAS, prior to the Closing Date, AMC will contribute all the shares representing a 99.1463% interest in the Company to ASC (the "*Contribution*");

WHEREAS, for Mexican tax purposes, it is intended that the Contribution shall be a taxable transaction under Mexican Federal Income Tax Law;

WHEREAS, the Parent Board has established a special committee of the Parent Board comprised solely of directors unaffiliated with ASC or its Affiliates (the "*Special Committee*") to consider such proposal and make a recommendation to the Parent Board with respect thereto;

WHEREAS, the Special Committee, after consultation with its independent financial advisors, legal counsel and mining consultants, and the Parent Board, based on the recommendation of the Special Committee, (a) have determined that each of (i) the merger of Merger Sub with and into ASC, with ASC as the surviving corporation (the "*Merger*"), upon the terms and subject to the conditions set forth in this Agreement, (ii) the issuance of Parent Common Stock in the Merger, and (iii) the amendments to Parent's restated certificate of incorporation contemplated by this Agreement is advisable, fair to and in the best interests of Parent's stockholders (other than Affiliates of ASC), and (b) have approved this Agreement, the Merger and the other transactions contemplated hereby;

WHEREAS, the Special Committee and the Parent Board, based on the recommendation of the Special Committee, have resolved to recommend that Parent's stockholders approve the issuance of shares of Parent Common Stock in the Merger, and the amendments to Parent's restated certificate of incorporation contemplated by this Agreement;

WHEREAS, the board of directors of ASC and Merger Sub have determined that this Agreement and the Merger are advisable, fair to and in the best interests of their respective corporation and stockholders (as applicable) and have approved this Agreement and the Merger;

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"); and

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WHEREAS, ASC, AMC, the Company, Parent, and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger;

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

## ARTICLE I

### CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall have the respective meanings set forth below:

"*Affiliate*" of a specified Person means a Person who, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with such specified Person; provided that as used in this Agreement with respect to ASC, or AMC the term "Affiliate" or "Affiliates" means Affiliates of such party, other than Parent and Parent's Subsidiaries. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract or otherwise.

"*Affiliate Transaction*" shall mean any transaction, business dealing or material financial interest in any transaction between ASC, the Company or any of the Company's Subsidiaries, on the one hand, and AMC or any of its Affiliates (other than ASC, the Company or any of the Company's Subsidiaries), on the other hand.

"*Agreement*" shall have the meaning set forth in the preamble.

"*AMC*" shall have the meaning set forth in the preamble.

"*AMC Consolidated Net Worth*" means the average of the sum of (i) the total amount of all assets of AMC and its Subsidiaries, less (ii) the total amount of all liabilities of AMC and its Subsidiaries, in each case determined on a consolidated basis in accordance with GAAP and in accordance with a balance sheet demonstrating compliance with Section 5.18 during each fiscal year.

"*Article 190*" shall mean article 190 of the Mexican Federal Income Tax Law, as in effect on the date of this Agreement.

"*ASC*" shall have the meaning set forth in the preamble.

"*ASC Common Stock*" shall have the meaning set forth in Section 2.8(b).

"*ASC Securities*" shall have the meaning set forth in Section 3.2(b).

"*Authorized Share Amendment*" shall have the meaning set forth in Section 5.1(a).

"*Benefit Plans*" shall have the meaning set forth in Section 3.11(a).

"*Business Day*" shall mean any day, other than a Saturday, Sunday or one on which banks are authorized by law to be closed in New York, New York or Mexico City, Mexico.

"*Certificate of Merger*" shall have the meaning set forth in Section 2.2.

"*Certificate*" shall have the meaning set forth in Section 2.8(b).

"*Claim Notice*" shall have the meaning set forth in Section 8.1(b).

"*Closing*" shall have the meaning set forth in Section 2.2.

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"*Closing Date*" shall have the meaning set forth in Section 2.2.

"*Code*" shall have the meaning set forth in the recitals.

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"*Common Agreement*" means that certain Common Agreement dated April 29, 2003, by and among the Company, the Company's Subsidiaries, Bank of America, N.A., HSBC Bank USA, The Bank of New York and the other parties thereto.

"*Company*" shall have the meaning set forth in the preamble.

"*Company 2003 Financial Statements*" shall have the meaning set forth in Section 3.4.

"*Company 2003 Form 20-F*" shall have the meaning set forth in Section 3.16.

"*Company Balance Sheet*" means the audited balance sheet for the period ended December 31, 2003, contained in the Company 2003 Form 20-F, filed with the SEC on July 14, 2004.

"*Company Common Stock*" shall have the meaning set forth in the recitals.

"*Company Disclosure Schedule*" means the schedule of disclosures delivered by the Seller Parties to Parent and Merger Sub concurrent with the execution of this Agreement.

"*Company Financial Statements*" shall have the meaning set forth in Section 3.4.

"*Company Intellectual Property*" means the intellectual property rights used in the conduct of the business of the Company or its Subsidiaries, including all patents and patent applications, trademarks, trademark registrations and applications, domain names, copyrights and copyright registrations and applications, computer programs, technology, know-how, trade secrets, proprietary processes, inventions, service marks, original works of authorship and formulae, all other proprietary rights, all copies and tangible embodiments thereof (in whatever form or medium), together with the goodwill associated with the foregoing and any rights in or licenses to or from a third party in any of the foregoing, and any past, present, or future claims or causes of actions arising out of or related to any infringement or misappropriation of any of the foregoing.

"*Company's Knowledge*" means the actual knowledge of Héctor Nieto Castilla. For purposes of: (a) Section 3.12(b) (Labor Matters), the foregoing list shall also include Gabino Pérez González; (b) Section 3.15 (Absence of Litigation), the foregoing list shall also include Ligia Sandoval Parra and Armando F. Ortega Gómez; (c) Section 3.16(b) and Section 3.16(c) (Material Contracts), the foregoing list shall also include Agustín Avila Martínez; and (d) Section 3.17(b) (Environmental Laws and Regulations), the foregoing list shall also include Rodolfo Rubio Campos and Vidal Muhech Dip.

"*Company Material Adverse Effect*" means any event, change, circumstance, effect or state of facts that is or is reasonably expected to be materially adverse to (a) the business, results of operations, condition (financial or otherwise), prospects, assets or liabilities of ASC, (b) the business, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Company and its Subsidiaries, taken as a whole, or (c) the ability of the Seller Parties to consummate any of the transactions contemplated by this Agreement, including the Merger, except to the extent that such adverse effect results from (i) general economic conditions or changes therein, (ii) financial or securities market fluctuations or conditions, (iii) changes in, or events or conditions affecting, the industries or businesses in which the Company and its Subsidiaries operate, or (iv) the announcement of the transactions contemplated by this Agreement.

"*Company Permits*" shall have the meaning set forth in Section 3.10.

"*Company SEC Documents*" shall have the meaning set forth in Section 3.4.

"*Company Securities*" shall have the meaning set forth in Section 3.2(a).

"*CONASEV*" means the Peruvian National Supervisory Commission of Companies & Securities (Comisión Nacional Supervisora de Empresas y Valores).

"*Contribution*" shall have the meaning set forth in the recitals.

"*Corporate Governance Amendments*" shall have the meaning set forth in Section 5.1(a).

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"Damages" shall have the meaning set forth in Section 8.1(a). For purposes of this Agreement, Damages shall not include any indirect or consequential damages, including, without limitation, the effects of any multiple of any direct Damage.

"DGCL" means the General Corporation Law of the State of Delaware.

"Effective Time" shall have the meaning set forth in Section 2.2.

"Environmental Claims" shall mean all notices of violation, liens, claims, demands, suits, or causes of action for any damage, including, without limitation, personal injury or property damage, arising out of or related to Environmental Conditions or pursuant to applicable Environmental Laws. By way of example only (and not by way of limitation), Environmental Claims include (i) claims under any contract that establishes obligations under applicable Environmental Laws with respect to Environmental Conditions between the Company or its Subsidiaries and any other person, (ii) claims for actual or threatened damages to natural resources under applicable Environmental Laws, (iii) claims for nuisance or its statutory equivalent under applicable Environmental Laws, (iv) claims for the recovery of response costs, or administrative or judicial orders directing the performance of investigations, responses or remedial actions under applicable Environmental Laws, (v) claims pursuant to applicable Environmental Laws or with respect to Environmental Conditions for restitution, contribution, or indemnity, (vi) claims for fines, penalties or liens against real property pursuant to applicable Environmental Laws or with respect to Environmental Conditions, (vii) claims pursuant to applicable Environmental Laws or arising out of Environmental Conditions for injunctive relief or other orders or notices of violation from any Governmental Entity, and (viii) with regard to any present or former employees, claims relating to exposure to or injury from Environmental Conditions.

"Environmental Conditions" shall mean Releases into or present in the environment, including natural resources (e.g., flora and fauna), soil, surface water, ground water, any present or potential drinking water supply, subsurface strata or ambient air of Hazardous Substances, relating to or arising out of the use, handling, storage, treatment, disposal, recycling, generation, transportation, Release, or threatened Release of Hazardous Substances. With respect to Environmental Claims by third parties, Environmental Conditions also include the exposure of persons to Hazardous Substances at the work place.

"Environmental Laws" means all applicable statutes, laws, ordinances, codes, common law, licenses, permits, authorizations (including, without limitation, *licencia de funcionamiento*), rules, regulations, or legally-binding administrative or judicial orders relating to pollution or hazardous substances or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata) from emission, discharges, releases, disposal or handling of any pollutants or hazardous substances, each as amended or in effect on the Closing Date.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"GAAP" means U.S. generally accepted accounting principles.

"Guaranty Trust" shall mean the Mexican Trust Agreement (*Fideicomiso Irrevocable de Garantía*) dated as of April 29, 2003 entered into by and between certain Affiliates of the Company as grantors and GE Capital Bank, Sociedad Anónima, Institución de Banca Múltiple GE Capital Grupo Financiero as trustee, in order to guaranty the obligations of the Common Agreement and the guaranty trust to be incorporated by the Company and certain Affiliates of the Company as part of the refinancing described in Section 5.16.

"Governmental Entity" shall have the meaning set forth in Section 3.6.

"Hazardous Substance" means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous, or otherwise regulated, under any Environmental Law, including any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous

waste, special waste, industrial substance or petroleum or any derivative or byproduct thereof, radon, radioactive material, asbestos, or asbestos containing material, urea formaldehyde, foam insulation or polychlorinated biphenyls, lead or lead-based paints or materials.

"*IMPAC*" shall have the meaning set forth in Section 3.14(b).

"*Indebtedness*" of any Person means (a) all obligations of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices, and excluding ordinary operating leases), (b) any other obligations of such Person that are evidenced by a note, bond, debenture or similar instrument, (c) all obligations under conditional sale or other title retention agreements relating to property purchased, (d) capital lease or sale-leaseback obligations, (e) all liabilities secured by any Lien on any property (other than ordinary operating leases), and (f) any guarantee or assumption of any of the foregoing in clauses (a) through (e) above or guaranty of minimum equity or capital or any make-whole or similar obligation or any other guarantee of indebtedness of a third party.

"*Indemnity Cap*" shall equal \$600,000,000 (six hundred million dollars).

"*Indemnity Deductible*" shall have the meaning set forth in Section 8.2(b).

"*Interim Balance Sheet*" shall mean the unaudited consolidated balance sheet of the Company and the Company's Subsidiaries, dated June 30, 2004.

"*Interim Financial Statements*" shall mean the unaudited Interim Balance Sheet and the related unaudited statements of income, retained earnings and cash flows for the period ended June 30, 2004.

"*Lien*" means, with respect to any asset (including any security), any security interests, liens, claims, charges, title defects, deficiencies or exceptions (including, with respect to real property leases, subleases, assignments, licenses or other agreements granting to any third party any interest in a real property lease or any right to the use or occupancy of any leased real property), mortgages, pledges, easements, encroachments, restrictions on use, rights-of-way, rights of first refusal, options, conditional sales or other title retention agreements, covenants, conditions or other similar restrictions (including restrictions on transfer) or other encumbrances of any nature whatsoever in respect of such asset.

"*Material Contracts*" shall have the meaning set forth in Section 3.16(a).

"*Merger*" shall have the meaning set forth in the recitals.

"*Merger Consideration*" shall have the meaning set forth in Section 2.8(b).

"*Merger Sub*" shall have the meaning set forth in the preamble.

"*Méxican GAAP*" means Méxican generally accepted accounting principles.

"*México*" shall have the meaning set forth in the preamble.

"*MS Common Stock*" means shares of common stock, par value \$.01 per share, of Merger Sub.

"*NOLs*" shall have the meaning set forth in Section 3.14(b).

"*NYSE*" means the New York Stock Exchange.

"*Outside Date*" shall mean the eight month anniversary of the date of execution of this Agreement.

"*Parent*" shall have the meaning set forth in the preamble.

"*Parent Amendment*" shall have the meaning set forth in Section 5.1(a).

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"*Parent Board*" shall have the meaning set forth in the recitals.

"*Parent Claims*" shall have the meaning set forth in Section 8.1(a).

"*Parent Class A Common Stock*" shall have the meaning set forth in the recitals.

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"*Parent Common Stock*" shall have the meaning set forth in the recitals.

"*Parent Disclosure Schedule*" means the schedule of disclosures delivered by Parent to the Seller Parties concurrent with the execution of this Agreement.

"*Parent Financial Statements*" shall have the meaning set forth in Section 4.7.

"*Parent Issuance*" shall have the meaning set forth in Section 5.1(b).

"*Parent Material Adverse Effect*" means any event, change, circumstance, effect or state of facts that is or is reasonably expected to be materially adverse to (a) the business, results of operations, condition (financial or otherwise), prospects, assets or liabilities of Parent, taken as a whole, or (b) the ability of Parent to consummate the Merger, except to the extent that such adverse effect results from (i) general economic conditions or changes therein, (ii) financial or securities market fluctuations or conditions, (iii) changes in, or events or conditions affecting, the industries or businesses in which Parent and its Subsidiaries operate, or (iv) the announcement of the transactions contemplated by this Agreement.

"*Parent Party*" shall have the meaning set forth in Section 8.1(a).

"*Parent SEC Documents*" shall have the meaning set forth in Section 4.7.

"*Parent Stock*" shall have the meaning set forth in the recitals.

"*Parent Stockholder Approval*" means:

(a) with respect to the Parent Issuance, the affirmative vote of a majority of the votes cast thereon by the holders of the outstanding shares of Parent Stock (*provided that the total votes cast on the Parent Issuance represent at least a majority of the total combined voting power of the outstanding shares of Parent Stock entitled to vote thereon*);

(b) with respect to the Authorized Share Amendment: (i) the affirmative vote of the holders of two-thirds (calculated without giving effect to any super majority voting rights of the holders of Parent Class A Common Stock) of the outstanding shares of Parent Stock entitled to vote thereon; and (ii) the affirmative vote of the holders of shares of Parent Stock representing a majority of the total combined voting power of the outstanding shares of Parent Stock entitled to vote thereon; and

(c) with respect to the Corporate Governance Amendments, the affirmative vote of the holders of shares of Parent Stock representing a majority of the total combined voting power of the outstanding shares of Parent Stock entitled to vote thereon.

"*Permitted Liens*" means (a) mechanics', carriers', workers', repairers', materialmen's, warehousemen's, and other similar Liens arising in the ordinary course of business and either (i) for sums not yet due and payable or (ii) such Liens as are less than \$5,000,000 in amount and are being contested in good faith and by appropriate proceedings, (b) Liens under any credit agreement in existence on the date hereof, (c) Liens for current Taxes not yet due or payable or being contested in good faith or for supplemental Taxes for which a written notice of assessment has not been received, and (d) any other covenants, conditions, restrictions, reservations, rights and non-monetary Liens incurred or suffered in the ordinary course of business and that (i) do not materially detract from the current use of the applicable real property and (ii) individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect or a Parent Material Adverse Effect, as applicable.

"*Person*" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or "group" (as defined in the Exchange Act).

"*Personnel*" shall mean, with respect to the Company and its Subsidiaries, all employees on a full or part-time basis of the Company or any of its Subsidiaries.



"*Pre-Closing Environmental Matters*" shall mean Remediation at any time to the extent relating to or arising out of any fact, event, or condition existing on or prior to the Closing Date; provided, however, that Pre-Closing Environmental Matters shall not include Remediation with respect to matters set forth in Section 3.17 of the Company Disclosure Schedule or Remediation to the extent required as a result of (i) a change in Environmental Law (including without limitation, any standards for Remediation) after the Closing Date; or (ii) closure of any mine or mining operation, which closure was not itself required by Environmental Law as in effect on or prior to the Closing Date; and provided, further, however, that Pre-Closing Environmental Matters shall be deemed to include the Scheduled Items.

"*Proxy Statement*" shall have the meaning set forth in Section 5.2.

"*Release*" shall mean any past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping into the environment or the workplace of any Hazardous Substance.

"*Remediation*" shall mean an action of any kind by the Company or any of its Subsidiaries required to respond to an Environmental Claim and/or to comply with Environmental Laws, including but not limited to the following activities: (i) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work required under Environmental Law; (ii) responding to and/or defending any Environmental Claim alleging potential liability for property damage (including claims for interference with use and diminution in value) or death or injury to Persons; (iii) negotiating with or obtaining any permits, consents, approvals or authorizations from any Governmental Entity necessary to address, correct or respond to an Environmental Claim and/or comply with Environmental Laws; (iv) actions necessary to obtain a written notice from a Governmental Entity with jurisdiction over the real property or at an off-site location under Environmental Laws that no material additional work is required by such Governmental Entity under any Environmental Laws; (v) the use, implementation, application, installation, operation or maintenance on the real property or an off-site location of remedial technologies applied to the surface or subsurface soils, excavation and treatment or disposal of soils at an off-site location, systems for long-term treatment of surface water or groundwater, replacement, removal or encapsulation of friable or damaged asbestos-containing materials, engineering controls or institutional controls required to comply with Environmental Laws; (vi) the design, acquisition and installation of pollution control equipment required under Environmental Laws; and (vii) the discontinuation or modification of certain operations as required to comply with Environmental Laws.

"*Representative*" shall mean, with respect to any Person, any officer, director, principal, attorney, employee, agent, consultant, accountant or other representative of such Person.

"*Restricted Period*" shall have the meaning set forth in Section 5.18.

"*Scheduled Items*" shall mean the matters set forth on Schedule 8.1(a)(i)(3) of the Company Disclosure Schedule.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"*Seller Parties*" means, collectively, AMC, ASC and the Company.

"*Special Committee*" shall have the meaning set forth in the recitals.

"*Special Independent Directors*" shall have the meaning ascribed to it in the Parent Amendment.

"*Stockholders Meeting*" shall have the meaning set forth in Section 5.1.

"*Subsidiary*" means, with respect to any Person, any other Person, whether incorporated or unincorporated or domestic or foreign to the United States, of which (a) such first Person or any other Subsidiary of such first Person is a general partner (excluding such partnerships where such first Person or any Subsidiary of such first Person does not have a majority of the voting interest in such partnership) or (b) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is, directly or indirectly, owned or controlled by such first Person or by any one or more of its Subsidiaries, or by such first Person and one or more of its Subsidiaries.

"*Subsidiary Transaction*" shall mean any transaction either (i) between the Company and any of its Subsidiaries, or (ii) between Subsidiaries of the Company.

"*Surviving Corporation*" shall have the meaning set forth in Section 2.1.

"*Tax Returns*" means all reports, returns, information returns, claims for refund, elections, estimated Tax filings or payments, requests for extension, documents, statements, declarations and certifications and other information required to be filed with respect to Taxes, including attachments thereto and amendments thereof.

"*Taxes*" means any and all taxes, charges, fees, levies, tariffs, duties, liabilities, impositions or other assessments of any kind imposed by any Governmental Entity, including income, alternative or add-on minimum tax, gross receipts, sales, use, value-added, transfer, gains, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, or other like assessment or charge, together with any related interest, penalty, addition to tax or additional amount, and shall include any liability for the Taxes of any other Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), or as a transferee or successor, by contract, or otherwise.

"*Third-Party Claim*" shall have the meaning set forth in Section 8.1(b).

"*Trading Day*" shall mean a day on which the NYSE is open for the transaction of business.

"*Transaction Dividend*" shall mean a cash dividend in the fixed amount of \$100 million payable to all of the holders of Parent Stock, such dividend as declared by the Parent Board out of funds legally available for such purpose.

## ARTICLE II

### THE MERGER

Section 2.1 *The Merger.* Subject to the conditions of this Agreement and in accordance with the DGCL, the parties hereto shall consummate the Merger pursuant to which (a) Merger Sub shall merge with and into ASC and the separate corporate existence of Merger Sub shall thereupon cease, (b) ASC shall be the surviving corporation in the Merger (sometimes referred to as the "*Surviving Corporation*") and shall continue to be governed by the laws of the State of Delaware, and (c) the corporate existence of ASC, with all of its rights, privileges, immunities, powers and franchises, shall continue unaffected by the Merger.

Section 2.2 *Effective Time; Closing.* (a) As soon as practicable after the satisfaction or waiver (to the extent permitted by applicable law) of the conditions set forth in Article VI, the parties hereto shall cause a certificate of merger (the "*Certificate of Merger*") to be executed and filed on the Closing Date (or on such other date as Parent and ASC may agree) with the Secretary of State of the State of Delaware in such form as required by, and executed in accordance with, the relevant provisions of the DGCL. The closing of the Merger (the "*Closing*") will take place (i) at the offices of Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York at 10:00 a.m. New York City

time as soon as reasonably practicable (but in any event no later than the third business day) after satisfaction or waiver (to the extent permitted by applicable law) of the conditions set forth in Article VI (other than those conditions that are to be satisfied at the Closing, but subject to the satisfaction or waiver (to the extent permitted by applicable law) of such other conditions), or (ii) at such other place or time and/or such other date as the parties may agree. The date on which the Closing occurs is referred to in this Agreement as the "*Closing Date*." The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware or at such later date and time as the parties shall agree and as shall be specified in the Certificate of Merger (the time the Merger becomes effective, the "*Effective Time*").

(b) At the Closing, the parties shall deliver the items provided in Sections 2.9 and 2.10, respectively.

**Section 2.3 *Effects of the Merger.*** The Merger shall have the effects as set forth in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of ASC and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of ASC and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

**Section 2.4 *Certificate of Incorporation and Bylaws.*** (a) The certificate of incorporation of Merger Sub in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation until amended in accordance with its terms and applicable law.

(b) The bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with their terms and applicable law.

**Section 2.5 *Directors.*** The directors of ASC immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the certificate of incorporation and bylaws of the Surviving Corporation until such director's successor is duly elected or appointed and qualified.

**Section 2.6 *Officers.*** The officers of ASC immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, each to hold office in accordance with the certificate of incorporation and bylaws of the Surviving Corporation until such officer's successor is duly elected or appointed and qualified.

**Section 2.7 *Subsequent Actions.*** If, at any time after the Effective Time, the Surviving Corporation shall determine in good faith or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of ASC or Merger Sub acquired or to be acquired by the Surviving Corporation as a result of, or in connection with the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either ASC or Merger Sub, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.



**Section 2.8 *Effect on the Capital Stock.*** As of the Effective Time, by virtue of the Merger and without any action on the part of ASC, Parent, Merger Sub or any holder of any shares of capital stock of Merger Sub:

(a) Each share of MS Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into one share of the Surviving Corporation following the Merger.

(b) All of the shares of ASC common stock issued and outstanding immediately prior to the Effective Time (the "*ASC Common Stock*") shall be converted into the right to receive 67,207,640 (sixty-seven million, two hundred and seven thousand and six hundred and forty) shares of Parent Common Stock (the "*Merger Consideration*"). The Merger Consideration shall be payable to the holder of shares of ASC Common Stock, without interest thereon, upon the surrender of the certificate or certificates formerly representing the shares of ASC Common Stock (each, a "*Certificate*") in the manner provided in Sections 2.9 and 2.10. From and after the Effective Time, all such shares of ASC Common Stock so converted into the Merger Consideration shall no longer be outstanding and shall be deemed to be canceled and retired and shall cease to exist, and each holder of a Certificate or Certificates shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor upon the surrender of such Certificate or Certificates in accordance with Section 2.9 and 2.10.

**Section 2.9 *Deliveries by ASC.*** (a) At the Closing, ASC shall deliver or cause to be delivered to Parent (unless delivered previously) the following:

- (i) the Certificate or Certificates representing the ASC Common Stock;
- (ii) the officer's certificate referred to in Section 6.1(b)(iv) hereof;
- (iii) the minute books, stock books, stock ledgers and corporate seal of the ASC;
- (iv) all other documents, certificates, instruments or writings, in form and substance reasonably satisfactory to Parent, required to be delivered by ASC at or prior to the Closing pursuant to this Agreement or otherwise reasonably required in connection herewith; and
- (v) the documents referred to in Section 5.11(b) in form and substance reasonably satisfactory to Parent.

(b) *Post-Closing Deliveries.* AMC shall deliver to the Company, on the following dates, certified copies of the following documents submitted to the competent Mexican tax authorities:

- (i) No later than 16 Business Days after the Closing Date, an income tax return relating to the Contribution filed by the appointed tax representative of AMC; and
- (ii) No later than 15 Business Days after the income tax return referred to in Section 2.9(b)(i) has been filed with the competent Mexican tax authorities, a notice of election to file a tax report submitted jointly by the appointed tax representative of AMC and the independent public accountant described in Section 5.11(b)(i)(2).
- (iii) No later than 31 Business Days after the income tax return referred to in Section 2.9(b)(i) has been filed with the competent Mexican tax authorities, a tax report submitted by the appointed tax representative of AMC as described in Section 5.11(b)(i)(2).

**Section 2.10 *Deliveries by Parent.*** At the Closing, Parent shall deliver or cause to be delivered to ASC (unless delivered previously) the following:

- (a) a certified copy of the Parent Amendment from the Secretary of State of the state of Delaware;

(b) upon surrender of the Certificate or Certificates for cancellation, a certificate registered in the name of the stockholders of ASC representing the number of duly authorized, validly issued, fully paid and non-assessable shares of Parent Common Stock equal to the Merger Consideration;

(c) the officer's certificate referred to in Section 6.1(a)(iii) hereof; and

(d) all other documents, certificates, instruments or writings in form and substance reasonably satisfactory to ASC, required to be delivered by Parent or Merger Sub at or prior to the Closing pursuant to this Agreement or otherwise required in connection herewith.

**Section 2.11 *United States Federal Income Tax Treatment.*** It is intended by the parties hereto that the Merger qualify as a "reorganization" within the meaning of Section 368(a) of the Code. This Agreement is intended to constitute, and the parties hereto hereby adopt this Agreement as, a "plan of reorganization" within the meanings of Sections 1.368-2(g) and 1.368-3(a) of the U.S. Treasury Regulations promulgated under the Code.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES

Except as set forth in Company SEC Documents filed on or prior to the date hereof or in the Company Disclosure Schedule (it being understood that any matter set forth in any section of the Company Disclosure Schedule shall be deemed disclosed with respect to any other section of the Company Disclosure Schedule to the extent such matter is disclosed in a way as to make its relevance to the information called for by such other section reasonably clear on its face), each of the Seller Parties hereby, jointly and severally, represents and warrants to Parent and Merger Sub as of the date hereof and as of the Closing Date, as follows:

**Section 3.1 *Organization and Qualification; Subsidiaries.*** (a) Each of the Seller Parties is a corporation duly organized, validly existing and, if applicable, in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its businesses as now being conducted, except where the failure to be in good standing or to have such power, authority and governmental approvals, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. The Seller Parties have heretofore delivered to Parent accurate and complete copies of the certificate of incorporation and bylaws (or other constituent documents), as currently in effect, of ASC, the Company and the Company's Subsidiaries. Section 3.1(a) of the Company Disclosure Schedule sets forth a complete list of the Company's Subsidiaries.

(b) Each of the Seller Parties is duly qualified or licensed and, if applicable, in good standing to do business in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so qualified would not reasonably be expected to affect the validity of this Agreement or in such jurisdictions where the failure to be so duly qualified or licensed and in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

(c) ASC and the Company do not own, directly or indirectly, any equity (other than equity of Subsidiaries) or debt (other than debt of Subsidiaries and other than short-term investments of the Company's working capital in high-grade commercial paper or similar high-grade, short-term instrument(s) or similar interest in any Person.

Section 3.2 *Capitalization of ASC, the Company and the Company's Subsidiaries.*

(a) The authorized capital stock of the Company consists of 769,604,346 shares of Company Common Stock, of which 769,604,346 are issued and outstanding. As of the date hereof, AMC is, and at the Closing, ASC will be, the record and beneficial owner, directly and through the Guaranty Trust, of at least 763,034,355 shares of Company Common Stock, representing approximately 99.1463% of the Company Common Stock, and all such shares have been validly issued, fully paid and nonassessable, have been issued free of preemptive rights or in compliance with preemptive rights required by applicable law and are owned free and clear of any Lien. Except as set forth above, there are no outstanding (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or voting securities of the Company, (ii) options or other rights to acquire from the Company or any of its Subsidiaries, or obligations of the Company or any of its Subsidiaries to issue or sell, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, or (iii) equity equivalents, interests in the ownership or earnings of the Company or other similar rights (collectively, "*Company Securities*"). Other than as contemplated by this Agreement, there are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Company Securities.

(b) The authorized capital stock of ASC consists of: 100 shares of ASC Common Stock, of which 100 shares are issued and outstanding. AMC is the record and beneficial owner of all of the outstanding shares of ASC Common Stock, and all such shares have been validly issued, fully paid and non-assessable, have been issued free of preemptive rights and are owned free and clear of any Lien. Except as set forth above, there are no outstanding (i) securities of ASC or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or voting securities of ASC, (ii) options or other rights to acquire from ASC or any of its Subsidiaries, or obligations of ASC or any of its Subsidiaries to issue or sell, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of ASC, or (iii) equity equivalents, interests in the ownership or earnings of ASC or other similar rights (collectively, "*ASC Securities*"). Other than as contemplated by this Agreement, there are no outstanding obligations of ASC or any of its Subsidiaries to repurchase, redeem or otherwise acquire any ASC Securities.

(c) All of the outstanding capital stock of, or other ownership interests in, each Subsidiary of the Company, is owned by the Company, directly or indirectly, free and clear of any Lien. All such shares have been validly issued, fully paid and nonassessable, and have been issued free of preemptive rights or in compliance with preemptive rights required by applicable law. There are no outstanding securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or voting securities of any Subsidiary of the Company, no options or other rights to acquire from the Company or any of its Subsidiaries, and no other contract, understanding, arrangement or obligation (whether or not contingent) providing for the issuance or sale, directly or indirectly, of, any capital stock or other ownership interests in, or any other securities of, any Subsidiary of the Company. There are no outstanding equity equivalents, interests in the ownership or earnings or similar rights of any Subsidiary of the Company. There are no contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other ownership interests in any Subsidiary of the Company.

Section 3.3 *Authority Relative to this Agreement.* Each of the Seller Parties has all the necessary corporate power and authority to execute and deliver this Agreement, as applicable, and to consummate the transactions contemplated hereby, as applicable, in accordance with the terms hereof. The execution, delivery and performance of this Agreement by each of the Seller Parties and the consummation of the transactions contemplated hereby have been duly and validly authorized by all

necessary corporate action, and no other corporate action or corporate proceeding on the part of any of the Seller Parties, as applicable, is necessary to authorize the execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of the Seller Parties and, assuming due and valid authorization, execution and delivery by Parent and Merger Sub, constitutes a valid, legal and binding agreement of each of the Seller Parties, as applicable, enforceable against each of the Seller Parties in accordance with its terms, except that such enforcement may be subject to (i) any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding of law or equity).

**Section 3.4 SEC Reports: Company Financial Statements.** Since January 1, 2002, the Company has filed with the SEC all forms, reports, schedules, statements and other documents required to be filed by it under the Securities Act and the Exchange Act (any such documents filed since such date and prior to the Closing Date collectively, including all exhibits and schedules thereto and documents incorporated by reference therein, the "*Company SEC Documents*"). The Company SEC Documents, including any financial statements or schedules included therein, at the time filed, or, in the case of registration statements, on their respective effective dates, (i) complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be and (ii) did not at the time filed (or, in the case of registration statements, at the time of effectiveness), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. No Subsidiary of the Company is required to file any form, report or other document with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. The financial statements included in the Company SEC Documents (the "*Company Financial Statements*") (i) have been prepared from, and are in accordance with, the books and records of the Company and its Subsidiaries, (ii) complied on the date of filing and effectiveness thereof in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto on the date of filing and effectiveness thereof, and (iii) fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows of the Company and its Subsidiaries as of the times and for the periods referred to therein, except that any Company Financial Statements that are unaudited, interim financial statements were or are subject to normal and recurring year end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount. The Company Financial Statements included in the Company 2003 Form 20-F (the "*Company 2003 Financial Statements*") have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto). The Company Financial Statements other than the Company 2003 Financial Statements, have been (i) prepared in accordance with Mexican GAAP, as in effect as of the dates of such financial statements, applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto and, in the case of unaudited statements, as permitted by the rules and regulations of the SEC during the periods involved) and (ii) reconciled to GAAP to the extent required by the rules and regulations of the SEC during the periods involved. To the extent the Interim Financial Statements are not included in the Company Financial Statements, the Interim Financial Statements (i) have been prepared from, and are in accordance with, the books and records of the Company and its Subsidiaries, (ii) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto and as permitted by the rules and regulations of the SEC during the period involved), and (iii) fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows of the Company and its Subsidiaries as of the times and for the periods referred to therein, except that the Interim Financial Statements are subject to normal and recurring year end adjustments which are not expected, individually or in the aggregate, to be material in amount.

**Section 3.5 *Certifications.*** Since August 30, 2002, each Company SEC Document was accompanied by the certifications of the Company's chief executive officer and chief financial officer to the extent required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, and each of the Seller Parties hereby reaffirms, represents and warrants to Parent and Merger Sub, the matters and statements made in such certifications.

**Section 3.6 *Consents and Approvals, No Violations.*** No filing with or notice to, and no permit, authorization, consent or approval of, any federal, state, local or foreign court or tribunal or administrative, governmental, arbitral or regulatory body, agency or authority (a "*Governmental Entity*"), is required on the part of any of the Seller Parties for the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, as applicable, except (a) pursuant to the applicable requirements of the Securities Act and the Exchange Act, (b) the filing of the Certificate of Merger pursuant to the DGCL, (c) where the failure to obtain such permits, authorizations, consents or approvals or to make such filings or give such notice, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, and (d) as set forth in Section 3.6 of the Company Disclosure Schedule. Neither the execution, delivery and performance of this Agreement by any of the Seller Parties, nor the consummation of the transactions contemplated hereby, as applicable, will (i) conflict with or result in any breach of any provision of the respective certificate of incorporation or bylaws (or similar governing documents) of any of the Seller Parties, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation, alteration or acceleration, or result in the creation of a Lien on any property or asset of ASC, the Company or any of the Company's Subsidiaries, or trigger any rights of first refusal) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which ASC, the Company or any of the Company's Subsidiaries is a party or by which any of them or any of their respective properties, capital stock or assets may be bound or (iii) violate any order, writ, injunction, decree, law, statute, rule or regulation applicable to ASC, the Company or any of the Company's Subsidiaries or any of their respective properties or assets, except in the case of (ii) or (iii) above for violations, breaches, defaults or other occurrences that, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.7 *No Default.*** None of ASC, the Company or any of the Company's Subsidiaries is in default, breach or violation (and no event has occurred that with notice or the lapse of time or both would constitute a default, breach or violation) of any term, condition or provision of (a) its certificate of incorporation or bylaws (or similar governing documents), (b) any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which ASC, the Company or any of the Company's Subsidiaries is now a party or by which any of them or any of their respective properties or assets may be bound or (c) any order, writ, injunction, decree, law, statute, rule or regulation applicable to ASC, the Company, any of the Company's Subsidiaries or any of their respective properties or assets, except in the case of (b) or (c) above for violations, breaches or defaults that, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.8 *No Undisclosed Liabilities; Absence of Changes.*** (a) Except (i) for liabilities incurred since December 31, 2003 in the ordinary course of business consistent with past practice, or (ii) for liabilities and obligations reasonably required by the Merger or any other transactions contemplated by this Agreement, neither the Company nor any of its Subsidiaries has, or has incurred since such date, any material liabilities or obligations of any nature, whether or not absolute, accrued, contingent or otherwise, that would be required to be reflected or reserved against on a consolidated balance sheet, or in the notes thereto, of the Company and its Subsidiaries prepared in accordance with GAAP. Since December 31, 2003, there has not been any Company Material Adverse Effect.

(b) Other than as reasonably required by this Agreement, since December 31, 2003, and prior to the date hereof, the Company and its Subsidiaries have conducted their businesses in the ordinary course of business consistent with past practice.

Section 3.9 *ASC*. Except as is necessary to consummate the Merger, ASC is not subject to any liabilities or obligations of any nature, whether or not absolute, accrued, contingent or otherwise. Except as related to transactions with Parent, the Company or any of their Subsidiaries, ASC has not: (i) engaged in any activities; (ii) owned any assets; or (iii) been subject to any liabilities (including, without limitation, Tax liabilities), except in the case of (i) or (ii) above for consummation of the Contribution and its ownership of Company Common Stock.

Section 3.10 *Compliance with Applicable Law*. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect: (a) the Company and its Subsidiaries hold all permits, licenses, variances, exemptions, orders and approvals of all Governmental Entities necessary for them to own, lease or operate their properties and assets and to carry on their businesses as now conducted ("Company Permits"); (b) there has not occurred any default under, or violation of, or failure of compliance under, any such Company Permit; and (c) the businesses of the Company and its Subsidiaries are not being, and have not been, conducted in violation of any law, ordinance, regulation, order, judgment, injunction, writ or decree of any Governmental Entity.

Section 3.11 *Employee Benefit Matters*. (a) Section 3.11(a) of the Company Disclosure Schedule sets forth a complete list of all material plans, programs, arrangements, agreements or commitments which are an employment, consulting, termination or deferred compensation agreement, or an executive compensation, incentive bonus or other bonus, employee pension, profit-sharing, savings, retirement, stock option, stock purchase, severance pay, life, health, disability or accident insurance plan, or vacation, or other employee benefit plan, program, arrangement, agreement or commitment, including any "employee benefit plan," covering any Personnel, to which the Company or any of its Subsidiaries has any obligation to contribute, or with respect to which any such entity has any liability (including any liability arising out of an indemnification, guarantee, hold harmless or similar agreement), including, but not limited to, any "savings fund" (*fondo de ahorro o caja de ahorro*), any "profit sharing guarantee agreement" (*convenio de pago garantizado de reparto de utilidades*) or "golden parachute severance payments" and any material bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, termination, indemnity, employment, change of control or fringe benefit plan, program, arrangement or agreement that provides benefits to any current or former employee or director of the Company or any of its Subsidiaries or any beneficiary or dependent thereof or with respect to which the Company or any of its Subsidiaries could have a material liability and excluding any plan, program, arrangement, agreement or commitment established, created or imposed by applicable law (any such plan, a "Benefit Plan" and collectively, the "Benefit Plans"). The Company has made available to Parent for each Benefit Plan, if applicable, true and complete copies of (i) each Benefit Plan (or, in the case of any unwritten Benefit Plan, a description thereof) and any amendment thereto, and (ii) the most recent actuarial report. Except as set forth on Schedule 3.11(a), there are no Benefit Plans of the Company or any of its Subsidiaries that are pension plans in the nature of excess or supplemental plans.

(b) The consummation of the transactions contemplated by this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) (i) constitute an event under any Benefit Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any current or former employee, officer, consultant or director of the Company or any Subsidiary, or (ii) result in the triggering or imposition of any restrictions or limitations on the right of the Company to amend or terminate any Benefit Plan and receive the

full amount of any excess assets remaining or resulting from such amendment or termination, subject to applicable taxes.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, all Benefit Plans (i) have been maintained in accordance with applicable laws and all applicable requirements, (ii) if they are intended to qualify for special tax treatment, meet all requirements for such treatment, and (iii) if they are intended to be funded and/or book-reserved, are fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions.

Section 3.12 *Labor Matters.* (a) (i) No Personnel are represented by any labor union or other labor representative, (ii) there are no collective bargaining agreements or other similar arrangements in effect with respect to any Personnel and (iii) except as, individually or in the aggregate has not had and would not reasonably be expected to have a Company Material Adverse Effect, no Person has attempted, since January 1, 2002, to represent or organize or purport to represent for bargaining purposes any Personnel.

(b) Except as, individually or in the aggregate has not had and would not reasonably be expected to have a Company Material Adverse Effect: (i) since January 1, 2002, there has not occurred or been threatened any strikes, slow downs, picketing, work stoppages, concerted refusals to work or other similar labor activities with respect to any Personnel and (ii) no material grievance or arbitration or, to the Company's Knowledge, other proceedings before any Governmental Entity arising out of or under any collective bargaining agreement relating to the Company or any of its Subsidiaries is pending or, to the Company's knowledge, threatened.

(c) Except as, individually or in the aggregate has not had and would not reasonably be expected to have a Company Material Adverse Effect and except for matters arising in the ordinary course of business which are immaterial to the Company and its Subsidiaries or which have been resolved, each of the Company and its Subsidiaries is in compliance with all legal requirements relating to the employment of former, current, and prospective Personnel and "leased employees" including all such legal requirements relating to wages, hours, social security, collective bargaining, employment discrimination, immigration, disability, civil rights, safety and health, workers' compensation and pay equity and has timely prepared and filed all appropriate forms (including all immigration and naturalization papers) required by any relevant Mexican authority.

(d) Except as, individually or in the aggregate has not had and would not reasonably be expected to have a Company Material Adverse Effect (i) there are no material liabilities, whether absolute or contingent, to any Personnel relating to workers compensation benefits that are not fully insured against by a bona fide third-party insurance carrier; and (ii) with respect to each workers' compensation arrangement that is funded wholly or partially through an insurance policy or public or private fund, all premiums required to have been paid to date under the insurance policy or fund have been paid, all premiums required to be paid under the insurance policy or fund through the Closing Date will have been paid on or before the Closing Date and, as of the Closing Date, there will be no material liability of the Company and its Subsidiaries under any such insurance policy, fund or ancillary agreement with respect to such insurance policy or fund in the nature of a retroactive rate adjustment, loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events occurring prior to the Closing Date.

Section 3.13 *Intellectual Property.* (a) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, the Company or one of its Subsidiaries owns or has the right to use all Company Intellectual Property, free and clear of all Liens, other than Permitted Liens, The Company Intellectual Property constitutes all of the intellectual property rights necessary to carry on the Company's business as currently conducted.

(b) To the Company's Knowledge, (i) the conduct of the business of the Company and its Subsidiaries as currently conducted does not infringe upon, misappropriate, dilute or violate any intellectual property rights owned or controlled by any Person, except as, individually or in the aggregate, has not had and would not reasonably be expected to have or otherwise result in a Company Material Adverse Effect, (ii) there are no material claims or suits pending or threatened, and neither the Company nor any of its Subsidiaries has received notice of any such material claim or suit (A) alleging that the conduct of the business of the Company or any of its Subsidiaries infringes upon, violates or constitutes the unauthorized use of the intellectual property or proprietary rights of any Person or (B) challenging the ownership, use, validity or enforceability of the Company Intellectual Property, and (iii) no material Company Intellectual Property is being violated, misappropriated, diluted or infringed upon by any Person.

Section 3.14 *Taxes.* (a) The Company and its Subsidiaries have filed all material Tax Returns with the appropriate Governmental Entities that are required by applicable laws to be filed by them, and such Tax Returns are complete and accurate in all material respects. Neither the Company nor any of its Subsidiaries currently is the beneficiary of any extension of time within which to file any such material Tax Return. The Company and its Subsidiaries have paid all material Taxes that have become due, whether or not shown on any Tax Return, other than those Taxes being contested in good faith through appropriate proceedings for which provision has been made in accordance with GAAP on the most recent consolidated balance sheet of the Company set forth in the Company Financial Statements. Since the date of the most recent consolidated balance sheet of the Company set forth in the Company Financial Statements, neither ASC, the Company nor any Company Subsidiary has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice, subject to such exceptions as would not be reasonably expected to have a Company Material Adverse Effect. The Company and its Subsidiaries have not executed any waiver to extend, or otherwise taken or failed to take any action that would have the effect of extending, the applicable statute of limitations in respect of any material Tax liabilities of the Company or any of its Subsidiaries for the taxable years prior to and including the most recent taxable year. The Company and its Subsidiaries are not a party to any tax sharing, allocation or indemnity agreement or arrangement (other than with the Company and its Subsidiaries). There is no audit, examination, deficiency, or refund litigation pending or in progress with respect to any material Taxes of the Company or its Subsidiaries and no taxing authority has given written notice of the commencement of (or its intent to commence) any audit, examination or deficiency litigation with respect to any material Taxes of the Company or its Subsidiaries. There are no Tax Liens upon any property or assets of the Company or any Company Subsidiary except Liens for current Taxes not yet due and payable and Liens for Taxes that are being contested in good faith by appropriate proceedings, subject to such exceptions as would not be reasonably expected to have a Company Material Adverse Effect. Neither the Company nor any Company Subsidiary is responsible for the Taxes of any other Person (other than the Company or a Company Subsidiary) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or by contract, that would reasonably be expected to have a Company Material Adverse Effect.

(b) Section 3.14(b) of the Company Disclosure Schedule sets forth a complete and accurate list as of June 30, 2004 of the net operating losses ("*NOLs*") and the recoverable asset tax balances on a historical basis ("*IMPAC*") of the Company (including the *NOLs* and *IMPAC* determined on a consolidated basis) and each Company Subsidiary for Mexican income tax purposes and the corresponding expiration dates of such *NOLs* and *IMPAC*.

(c) None of AMC, ASC, the Company or any of the Company's Subsidiaries has taken any action or has any knowledge of any fact or circumstance that is reasonably likely to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(d) No consideration was provided to AMC for the contribution of shares of Company Common Stock pursuant to the Contribution other than the actual or deemed issuance of shares of ASC common stock.

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**Section 3.15 *Absence of Litigation.*** There are no suits, claims, actions, proceedings or investigations pending or, to Company's Knowledge, threatened against or involving ASC, the Company or any of the Company's Subsidiaries, or any properties of the Company or any of its Subsidiaries, before any Governmental Entity, except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Neither ASC, the Company nor any of the Company's Subsidiaries, nor any of their respective properties or assets, is subject to any order, writ, judgment, injunction, decree, determination or award which has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

**Section 3.16 *Material Contracts.*** (a) Except for contracts filed as exhibits to the Company's Annual Report on Form 20-F for the year ended December 31 2003 (the "*Company 2003 Form 20-F*"), Section 3.16(a) of the Company Disclosure Schedule lists, as of the date hereof, each of the following contracts and agreements (including oral agreements) of the Company and each of its Subsidiaries (such contracts and agreements, together with all contracts and agreements disclosed in Section 3.16(a) of the Company Disclosure Schedule or filed as exhibits to the Company 2003 Form 20-F, being "*Material Contracts*");

(i) each contract, agreement and other arrangement for the purchase of inventory, spare parts, other materials or personal property with any supplier or for the furnishing of services to the Company and each of its Subsidiaries or otherwise related to the businesses of the Company and each of its Subsidiaries, other than purchase orders in the ordinary course of business consistent with past practice, under the terms of which the Company or any of its Subsidiaries: (A) is likely to pay or otherwise give consideration of more than \$10,000,000 in the aggregate during the calendar year ended December 31, 2004; or (B) is likely to pay or otherwise give consideration of more than \$30,000,000 in the aggregate over the remaining term of such contract;

(ii) each contract, agreement and other arrangement for the sale of inventory or other property or for the furnishing of services by the Company or any of its Subsidiaries, other than purchase orders in the ordinary course of business consistent with past practice, that: (A) is likely to involve consideration of more than \$10,000,000 in the aggregate during the calendar year ended December 31, 2004; or (B) is likely to involve consideration of more than \$30,000,000 in the aggregate over the remaining term of the contract;

(iii) all contracts and agreements relating to Indebtedness of the Company or any of its Subsidiaries or to any direct or indirect guaranty by the Company or any of its Subsidiaries of Indebtedness of any other Person, other than any such contracts or agreements as do not involve more than \$10,000,000 individually or \$50,000,000 in the aggregate;

(iv) all material contracts, agreements, commitments, written understandings or other arrangements with any Governmental Entity, to which the Company or any of its Subsidiaries is a party;

(v) all contracts and agreements containing any provision or covenant limiting or purporting to limit the ability of the Company or any of its Subsidiaries in any material respect to (i) engage in any line of business or (ii) compete with or obtain products or services from any Person or limiting the ability of any Person to provide products or services to the Company or any of its Subsidiaries, in each case, in any geographic area or during any period of time;

(vi) all Affiliate Transactions, other than Subsidiary Transactions, that (A) are likely to involve consideration of more than \$5,000,000 in the aggregate during the calendar year ended December 31, 2004; or (B) are likely to involve consideration of more than \$15,000,000 in the aggregate over the remaining term of the contract;

(vii) all other contracts and agreements, including, without limitation, licenses of Company Intellectual Property by or to the Company, whether or not made in the ordinary

course of business, which are material to the Company and its Subsidiaries, taken as a whole, or the conduct of the business of the Company and its Subsidiaries, taken as a whole, or the absence of which, in the aggregate, have or would reasonably be expected to have a Company Material Adverse Effect.

(b) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, each Material Contract: (i) is legal, valid and binding on the Company or its respective Subsidiary party thereto and, to the Company's Knowledge, the other parties thereto, and is in full force and effect and (ii) upon consummation of the transactions contemplated by this Agreement shall be in full force and effect without penalty or other adverse consequence. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any of its Subsidiaries is in breach of, or default under, any Material Contract. Neither the Company nor any Subsidiary has received any written notice of a material default (which has not been cured), offset or counterclaim under any Material Contract, or any other written communication calling upon it to comply with any provision of any Material Contract or asserting noncompliance therewith or asserting the Company or any Subsidiary has waived or altered its rights thereunder, nor has the Company or any Subsidiary received any written notice that any party to any Material Contract intends or is threatening to terminate any Material Contract.

(c) No other party to any Material Contract is, to the Company's Knowledge, in material breach thereof or default thereunder.

**Section 3.17 *Environmental Laws and Regulations.*** (a) (i) the Company and each of its Subsidiaries is in compliance with all Environmental Laws, except for such non-compliance that individually or in the aggregate would not have a Company Material Adverse Effect, which compliance includes the possession by the Company and its Subsidiaries of all material permits and other governmental authorizations required under applicable Environmental Laws for their respective current operations, and compliance with the terms and conditions thereof; (ii) during the immediately preceding four years, neither the Company nor any of its Subsidiaries has received written notice of, or is the subject of, any Environmental Claim.

(b) There are no Environmental Claims that, individually or in the aggregate, have had or would reasonably be expected to have a Company Material Adverse Effect that are pending or, to the Company's Knowledge, threatened against the Company or any of its Subsidiaries.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, there have been no Releases of Hazardous Substances in quantities that could trigger the need for investigation and/or remediation by the Company or any of its Subsidiaries pursuant to Environmental Laws.

(d) The only representations and warranties given in respect of environmental matters and agreements relating thereto are those contained in this Section 3.17 and none of the other representations and warranties shall be deemed to constitute, directly or indirectly, a representation or warranty in respect of environmental matters or agreements relating thereto.

**Section 3.18 *Title to Assets; Sufficiency of Assets.*** (a) The Company and its Subsidiaries have good and valid title, free and clear of all Liens (other than Permitted Liens), to all assets that they use in the operation of the business of the Company and its Subsidiaries, including all such assets reflected in the Company Balance Sheet as being owned by the Company and its Subsidiaries, except for such assets disposed of to third parties since December 31, 2003 in the ordinary course of business, consistent with past practice and which disposals, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. The tangible personal property of the Company and its Subsidiaries is generally in good working order, reasonable wear and tear excepted, and is suitable for the use for which it is intended in all material respects.

(b) Schedule 3.18(b) lists all "concesiones mineras" owned by the Company or its Subsidiaries and identifies the owner thereof, the geographical location and the term of each of such concession title. Each of the Company and its Subsidiaries, as applicable, has rights under all "concesiones mineras" held by it, free and clear of all Liens, and all such concession titles are duly registered with the Registro Público de Minería.

(c) Upon consummation of the Merger, the Company and its Subsidiaries will own or have valid rights to use all of the rights, facilities, assets, properties and interests which are used in, and are sufficient for, the operation of the business of the Company and its Subsidiaries in the manner in which such business was conducted during the fiscal year ended December 31, 2003 and since such time in all material respects.

Section 3.19 *Brokers.* Other than UBS Securities LLC whose fees are the sole responsibility of AMC, no broker, finder, investment banker or other intermediary is or might be entitled to any brokerage, finders' or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of ASC or the Company.

Section 3.20 *Proxy Statement; Information.* None of the information supplied by any of the Seller Parties in writing specifically for inclusion or incorporation by reference in the Proxy Statement will, at the time filed with the SEC, at the time mailed to the stockholders of Parent or at the time of the Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.21 *Affiliate Transactions.* All Affiliate Transactions, other than Subsidiary Transactions, have been conducted in the ordinary course of business consistent with past practice on an arms length basis at substantially prevailing market prices and on substantially prevailing market terms. No director or officer of any of the Seller Parties and no member of any such person's immediate family, is currently, or since January 1, 2002 has been, a party to any transaction with the Company or any of its Subsidiaries, including, without limitation, any contract (a) providing for the furnishing of services by, (b) providing for the lease or rental of real or personal property from, (c) providing for the borrowing or loaning of money or other property to or (d) otherwise requiring payments to (other than for dividends or distributions to all holders of Company Common Stock in his or her capacity as such or for services as officers, directors or employees of the companies), any such person or any corporation, partnership, trust or other entity in which any such person has an interest as a holder of Company Common Stock, or as an officer, director, trustee or partner.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth in the Parent SEC Documents filed on or prior to the date hereof or in the Parent Disclosure Schedule (it being understood that any matter set forth in any section of the Parent Disclosure Schedule shall be deemed disclosed with respect to any other section of the Parent Disclosure Schedule to the extent such matter is disclosed in a way as to make its relevance to the information called for by such other section reasonably clear on its face), Parent and Merger Sub hereby represent and warrant to the Seller Parties, as of the date hereof and as of the Closing Date, as follows:

Section 4.1 *Organization.* Each of Parent and Merger Sub is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate or similar power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be in good standing or to have such corporate or similar power and authority, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Merger Sub was formed solely for the purpose of engaging in

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the transactions contemplated by this Agreement. Merger Sub has not engaged in any activities, owned any assets or been subject to any liabilities, except as is necessary to effect the Merger.

**Section 4.2 *Authority Relative to this Agreement.*** (a) Each of Parent and Merger Sub has all the necessary corporate power and authority to execute and deliver this Agreement and, subject to obtaining Parent Stockholder Approval, to consummate the transactions contemplated hereby in accordance with the terms hereof. The execution, delivery and performance of this Agreement by Parent and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action. The Parent Board, based on the recommendation of the Special Committee, has adopted a resolution declaring the advisability of the Parent Amendment and directed that the Parent Amendment and the Parent Issuance be submitted for consideration by the stockholders of Parent, and, except for obtaining Parent Stockholder Approval, no other corporate action or corporate proceeding on the part of Parent is necessary to authorize the execution and delivery by Parent of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Parent and, assuming due and valid authorization, execution and delivery by each of the Seller Parties, constitutes a valid, legal and binding agreement of Parent, enforceable against Parent in accordance with its terms, except that such enforcement may be subject to (i) any bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding of law or equity).

(b) (i) The Special Committee has been duly authorized and constituted, and (ii) the Special Committee, at a meeting thereof duly called and held on October 21, 2004, (A) determined that this Agreement and the Merger are fair to and in the best interests of Parent's stockholders (other than Affiliates of ASC), (B) determined that this Agreement and the Merger should be approved and declared advisable by the Parent Board and Merger Sub Board and (C) resolved to recommend that the stockholders of Parent and Merger Sub approve and adopt the Parent Amendment and approve the Parent Issuance.

(c) The Parent Board, at a meeting thereof duly called and held on October 21, 2004 based on the recommendation of the Special Committee, (i) determined that this Agreement and the Merger are fair to and in the best interests of the Parent and its stockholders (other than Affiliates of ASC), (ii) approved and declared advisable this Agreement and the Merger, and (iii) resolved to recommend that the Parent's stockholders approve and adopt the Parent Amendment and approve the Parent Issuance.

**Section 4.3 *Consents and Approvals; No Violations.*** Except for filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Securities Act, the Exchange Act, any applicable state securities or blue sky laws, required filings with CONASEV and the filing and recordation of the Certificate of Merger as required by the DGCL, no filing with or notice to, and no permit, authorization, consent or approval of, any Governmental Entity is necessary for the execution and delivery by Parent and Merger Sub of this Agreement or the consummation by Parent and Merger Sub of the transactions contemplated hereby, except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings or give such notice, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Neither the execution, delivery and performance of this Agreement by Parent and Merger Sub nor the consummation by Parent and Merger Sub of the transactions contemplated hereby will (i) assuming receipt of the Parent Stockholder Approval, conflict with or result in any breach of any provision of the certificates of incorporation or bylaws (or similar governing documents) of Parent or Merger Sub, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration, or result in the creation of a Lien on any property or asset of Parent or any of its Subsidiaries, or trigger any rights of first refusal) under, any of the terms, conditions or

provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Parent or Merger Sub is a party or by which either of them or their respective properties or assets may be bound, or (iii) violate any order, writ, injunction, decree, law, statute, rule or regulation applicable to Parent or Merger Sub or any of their respective properties or assets, except in the case of (ii) or (iii) above for violations, breaches, defaults or other occurrences that, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

**Section 4.4 Capitalization.** As of the date of this Agreement, Parent has authority to issue a total of 100,000,000 Parent Stock, consisting of 65,900,833 authorized shares of Parent Class A Common Stock of which 65,900,822 are issued and outstanding and 34,099,167 authorized shares of Parent Common Stock of which 14,116,552 are issued and outstanding. As of the date of this Agreement, Merger Sub has authority to issue 100 shares of MS Common Stock, 100 of which shares are issued and outstanding, all of which issued and outstanding shares are owned by Parent. All the issued and outstanding shares of capital stock of, or other ownership interests in, each of Parent and Merger Sub have been duly authorized, validly issued, are fully paid and nonassessable, owned free and clear of all Liens, and free of any preemptive or other similar right. After the Closing, the shares of Parent Common Stock constituting the Merger Consideration will be duly authorized, validly issued, and fully paid and nonassessable.

**Section 4.5 No Default.** None of Parent or Merger Sub is in default, breach or violation (and no event has occurred that with notice or the lapse of time or both would constitute a default, breach or violation) of any term, condition or provision of (a) its certificate of incorporation or bylaws (or similar governing documents), (b) any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Parent or Merger Sub is now a party or by which any of them or any of their respective properties or assets may be bound or (c) any order, writ, injunction, decree, law, statute, rule or regulation applicable to the Parent or Merger Sub or any of their respective properties or assets, except in the case of (b) or (c) above for violations, breaches or defaults that, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

**Section 4.6 Information Supplied.** The Proxy Statement relating to the Parent Stockholder Approval and any other documents to be filed by Parent with the SEC or any other Governmental Entity in connection with the Merger and the other transactions contemplated hereby will (in the case of the Proxy Statement and any such other documents filed with the SEC under the Exchange Act or the Securities Act) comply as to form in all material respects with the requirements of the Exchange Act and the Securities Act, respectively, and will not, on the date of its filing or, in the case of the Proxy Statement, at the date it is mailed to stockholders of the Parent, and at the time of the Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

**Section 4.7 SEC Reports: Parent Financial Statements.** Since January 1, 2003, Parent has filed with the SEC all forms, reports, schedules, statements and other documents required to be filed by it under the Securities Act and the Exchange Act (any such documents filed since such date and prior to the Closing Date collectively, including all exhibits and schedules thereto and documents incorporated by reference therein, the "*Parent SEC Documents*"). Parent SEC Documents, including any financial statements or schedules included therein, at the time filed, or, in the case of registration statements, on their respective effective dates, (i) complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be and (ii) did not at the time filed (or, in the case of registration statements, at the time of effectiveness), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. No Subsidiary of Parent is required to file any form, report or other document with the

SEC pursuant to Section 13 or 15(d) of the Exchange Act. The financial statements included in Parent SEC Documents (the "*Parent Financial Statements*") (i) have been prepared from, and are in accordance with, the books and records of Parent and its Subsidiaries, (ii) complied on the date of filing and effectiveness thereof in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto on the date of filing and effectiveness thereof, (iii) have been prepared in accordance with GAAP as in effect as of the dates of such financial statements applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto and, in the case of unaudited statements, as permitted by the rules and regulations of the SEC during the periods involved), and (iv) fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows of Parent and its Subsidiaries as of the times and for the periods referred to therein, except that any Parent Financial Statements that are unaudited, interim financial statements were or are subject to normal and recurring year end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount.

**Section 4.8 *State Takeover Statute Inapplicable.*** The Parent Board and the Special Committee have approved this Agreement and the transactions contemplated hereby as required under any applicable state takeover laws so that any such state takeover laws (including the prohibitions under Section 203 of the DGCL) will not apply to this Agreement or any of the transactions contemplated hereby.

**Section 4.9 *Reorganization.*** Neither Parent nor Merger Sub has taken any action or has any knowledge of any fact or circumstance that is reasonably likely to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

**Section 4.10 *Acquisition of Shares for Investment.*** Each of Parent and Merger Sub is acquiring the Company Common Stock for its own account for investment purposes only and not with a view toward, or for a sale in connection with any distribution thereof, or with any present intention of distributing or selling any of such in violation of federal or state securities laws and with no present intention of distributing or reselling any part thereof.

**Section 4.11 *Brokers.*** Other than Goldman, Sachs & Co., no broker, finder, investment banker or other intermediary is or might be entitled to any brokerage, finders' or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Merger Sub for which ASC or its Affiliates would be liable either prior to or after the Effective Time.

**Section 4.12 *Opinion of Financial Advisor.*** Goldman, Sachs & Co. has delivered its opinion to the Special Committee to the effect that, as of the date of this Agreement, and subject to the factors and qualifications contained in the written opinion of Goldman, Sachs & Co., the exchange of 67,207,640 newly-issued shares of Company Common Stock for 99.1463% of the outstanding shares of the Company currently owned by AMC, the controlling stockholder of Parent, is fair from a financial point of view to the Parent.

## ARTICLE V

### COVENANTS

**Section 5.1 *Stockholders Meeting.*** Parent, acting through the Parent Board in accordance with its certificate of incorporation and bylaws, shall, as promptly as practicable following the date of this Agreement and in consultation with ASC, take all action reasonably necessary, except as otherwise provided for herein, to seek the Parent Stockholder Approval at a duly called and noticed meeting of the Parent's stockholders (the "*Stockholders Meeting*") for:

- (a) the adoption of an amendment to Parent's Restated Certificate of Incorporation to (i) increase the number of authorized shares of Parent Common Stock to permit the issuance of Parent Common Stock in accordance with this Agreement and the transactions contemplated by

this Agreement (the "*Authorized Share Amendment*") and (ii) implement changes to the composition and responsibilities of certain committees of the Parent Board (the "*Corporate Governance Amendments*" and together with the Authorized Share Amendment, the "*Parent Amendment*"), in each case in the form attached hereto as *Exhibit A*; and

(b) the issuance of Parent Common Stock pursuant to this Agreement (the "*Parent Issuance*"). Subject to Section 5.9(b), Parent shall include in the Proxy Statement the recommendation of the Special Committee and the Parent Board, based on the recommendation of the Special Committee that the stockholders of Parent adopt and approve the Parent Amendment and approve the Parent Issuance, and shall use its best efforts to obtain such adoption and approval.

**Section 5.2 *Proxy Statement.*** Promptly following the date of this Agreement, the Seller Parties and Parent shall, except as otherwise provided for herein, cooperate in preparing a proxy statement or information statement that meets the requirements of the Exchange Act (together with any amendments thereof or supplements thereto, the "*Proxy Statement*") to seek adoption and approval of the Parent Amendment and the approval of the Parent Issuance by Parent's stockholders. Parent shall use its commercially reasonable efforts to cause the Proxy Statement to be mailed to Parent's stockholders as promptly as reasonably practicable. The Seller Parties and Parent each agree to correct any information provided by it for use in the Proxy Statement that shall have become false or misleading. Parent will promptly notify the Seller Parties of the receipt of any comments from the SEC and any request by the SEC for any amendment to the Proxy Statement or for additional information. Parent shall consult with the Seller Parties with respect to all filings with the SEC, including the Proxy Statement, and all mailings to Parent's stockholders in connection with the Merger, including the Proxy Statement, shall be subject to the prior review and comment by the Seller Parties, and shall be reasonably acceptable to the Seller Parties. Each of the Seller Parties will furnish (or cause to be furnished) to Parent the information relating to it and its Affiliates required by the Exchange Act to be set forth in the Proxy Statement. Parent agrees to use its commercially reasonable efforts, after consultation with the other parties hereto, to respond promptly to any comments made by the SEC with respect to the Proxy Statement and any preliminary version thereof filed by it and cause such Proxy Statement to be mailed to the Parent's stockholders at the earliest practicable time.

**Section 5.3 *Conduct of Business of the Company.*** Each of the Seller Parties hereby covenants and agrees that, prior to the Effective Time, unless Parent shall otherwise consent in writing (which consent shall not be unreasonably withheld or delayed) or except as otherwise expressly contemplated by this Agreement, ASC shall not engage in any transaction or activities, and shall cause the Company and the Company's Subsidiaries to each, (i) operate its business in the usual and ordinary course consistent with past practice, (ii) use its commercially reasonable efforts to preserve substantially intact its business organization, maintain its rights and franchises, retain the services of its respective principal officers and maintain its relationships with its respective principal customers, suppliers and other persons with which the Company or any of the Company's Subsidiaries has significant business relations and (iii) use its commercially reasonable efforts to maintain and keep its properties and assets in as good repair and condition as at present, ordinary wear and tear excepted. Without limiting the generality of the foregoing, and except as otherwise expressly contemplated by this Agreement, Sections 5.3(a)-5.3(m) of the Company Disclosure Schedule or consented to in writing by Parent (which consent shall not be unreasonably withheld or delayed), ASC shall not, and shall not permit the Company or the Company's Subsidiaries to, do any of the following:

(a) amend or propose to amend its certificate of incorporation or bylaws (or other governing documents);

(b) authorize for issuance, issue, sell, deliver, or agree or commit to issue, sell or deliver, dispose of, encumber or pledge (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any securities, or amend any of the terms of any such securities or agreements outstanding as of the date hereof;

(c) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, or redeem or otherwise acquire any of the Company's securities or any securities of the Company's Subsidiaries;

(d) (i) incur, assume or guarantee any Indebtedness or issue any debt securities, other than in the ordinary course of business consistent with past practice; (ii) pledge or otherwise encumber shares of capital stock of ASC, the Company or any of the Company's Subsidiaries; or (iii) mortgage, pledge or otherwise encumber any of its material assets, tangible or intangible, or create or suffer to exist any material Lien thereupon other than Permitted Liens in the ordinary course of business, consistent with past practice;

(e) adopt a plan of complete or partial liquidation or adopt resolutions providing for the complete or partial liquidation, dissolution, consolidation, merger, restructuring or recapitalization;

(f) (i) except as may be required by law or existing agreements, plans or arrangements as in effect as of the date hereof, or in the ordinary course of business consistent with past practice, pay, agree to pay, grant, issue or accelerate payments or benefits pursuant to any Benefit Plan in excess of the payments or benefits provided under such Benefit Plan as of the date hereof, (ii) except (A) for increases in the ordinary course of business consistent with past practice for employees other than officers and directors of the Company that, in the aggregate, do not result in a material increase in benefits or compensation expense to the Company, or (B) as required under existing agreements or in the ordinary course of business consistent with past practice, increase in any manner the salary or fees or benefits of any director, officer, consultant or employee, or (iii) except as may be required by law or by existing agreements or arrangements as in effect on the date hereof, amend (other than amendments made in the ordinary course of business consistent with past practice) any Benefit Plan in a manner that would materially increase its cost to the Company or its Subsidiaries or establish, adopt or enter into any plan, agreement, program, policy, trust, fund or other arrangement that would be a Benefit Plan if it were in existence as of the date of this Agreement;

(g) acquire, sell, transfer, lease, encumber, fail to maintain or dispose of any assets or property, tangible or intangible, outside the ordinary course of business or any assets (other than inventory in the ordinary course consistent with past practice and other than obsolete or non-core assets) that, in the aggregate, are material to the Company and its Subsidiaries taken as a whole, or enter into any commitment or transaction outside the ordinary course of business consistent with past practice that would be material to the Company and its Subsidiaries taken as a whole;

(h) except as may be required as a result of a change in Mexican law, Mexican GAAP, GAAP or SEC rules and regulations affecting financial reporting, change any of the financial accounting principles or practices used by it;

(i) (i) acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or any equity interest therein; (ii) enter into any contract or agreement other than in the ordinary course of business consistent with past practice that would be a Material Contract; (iii) engage in any Affiliate Transaction, other than a Subsidiary Transaction, which, individually, is in excess of \$5,000,000 or, in the aggregate, are in excess of \$15,000,000 or (iv) authorize any new capital expenditure except in the ordinary course of business;

(j) make any material Tax election, change any material method of Tax accounting or settle or compromise any material Tax liability or refund of the Company or any of its Subsidiaries;

(k) except in the ordinary course of business consistent with past practice, (i) terminate, amend or modify (in any material respect), or waive any material provision of, any Material Contract, or (ii) amend, modify or change (in any material respect) any material policies or procedures governing product sales or returns or the treatment of accounts receivable;

(l) take, or agree in writing or otherwise to take, any of the actions prohibited in Sections 5.3(a) – 5.3(k).

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**Section 5.4 *Notification of Certain Matters.*** The Seller Parties, Merger Sub and Parent each shall give prompt notice to the others of (a) the occurrence or nonoccurrence of any event the occurrence or nonoccurrence of which would be likely to cause (i) any representation or warranty contained in this Agreement to be untrue or inaccurate, or (ii) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied, and (b) any failure of a party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; *provided, however*, that the delivery of any notice pursuant to this Section 5.4 shall not affect the representations, warranties or covenants of the parties hereto or limit or otherwise affect the remedies available to the Seller Parties, Parent or Merger Sub hereunder.

**Section 5.5 *Access to Information.*** Between the date hereof and the Effective Time, each party to this Agreement, upon reasonable request from another party to this Agreement, (the "*Requesting Party*"), will give the Requesting Party and its authorized representatives (and in the case of the Company, to Persons providing or committed or proposing to provide the Company with financing and their representatives) reasonable access during normal business hours to its employees, plants, offices, warehouses and other facilities and properties and to all books and records (including Tax Returns and work papers of its independent auditors, when available) and to that of its Subsidiaries and will permit the Requesting Party and its authorized representatives to make such inspections (including any physical inspections or soil or groundwater investigations) as the Requesting Party may reasonably request and will instruct its officers and employees and those of its Subsidiaries to furnish to the Requesting Party and its authorized representatives such financial and operating data and other information with respect to its business and properties and any of its Subsidiaries as the Requesting Party may from time to time reasonably request; provided that no party shall be required to provide any such information if the Requesting Party is not subject to a confidentiality agreement for the benefit of such party. All information obtained by Persons pursuant to this Section 5.5 shall be kept confidential.

**Section 5.6 *Additional Agreements, Commercially Reasonable Efforts.*** (a) Prior to the Effective Time, upon the terms and subject to the conditions of this Agreement, each of the Seller Parties, Parent and Merger Sub agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under any applicable laws, rules or regulations to consummate and make effective as promptly as practicable the Merger and the other transactions contemplated by this Agreement, including (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate the Merger and the other transactions contemplated hereby and the taking of such actions as are necessary to obtain any requisite approvals, consents, orders, exemptions or waivers by any third party, including any Governmental Entity, and (ii) the satisfaction of the other parties' conditions to the consummation of the Merger. Without limiting this Section 5.6, Parent and the Seller Parties shall each use its commercially reasonable efforts to avoid the entry of, or to have vacated or terminated, any decree, order, or judgment that would restrain, prevent or delay the Closing, on or before the Outside Date, including defending through litigation on the merits any claim asserted in any court by any Person. In addition, no party hereto shall take any action after the date hereof that would reasonably be expected to materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any Governmental Entity necessary to be obtained prior to the consummation of the Merger. In furtherance of and not in limitation of the foregoing, each party shall permit the other party to reasonably participate (subject to such party's right to control) in the defense and settlement of any claim, suit or cause of action relating to this Agreement, the Merger or the other transactions contemplated hereby, and no party shall settle or compromise any such claim, suit or cause of action without the other party's prior written consent (which consent shall not be unreasonably withheld or delayed).

(b) Prior to the Effective Time, the Seller Parties or their respective Affiliates, on the one hand, and Parent or its Subsidiaries, on the other hand, shall permit the other parties hereto to

review and discuss in advance, and consider in good faith the views of the other parties in connection with, any proposed written (or any material proposed oral) communication with any Governmental Entity regarding any of the transactions contemplated by this Agreement. The Seller Parties or their respective Affiliates, on the one hand, and Parent or its Subsidiaries, on the other hand, shall promptly inform the other parties hereto of, and if in writing, furnish the other parties with copies of (or, in the case of material oral communication, advise the other parties orally of) any communication from any Governmental Entity regarding any of the transactions contemplated by this Agreement. If any of the Seller Parties or their respective Affiliates, on the one hand, or Parent or its Subsidiaries, on the other hand, receives a request for additional information or documentary material from any such Governmental Entity with respect to the Merger, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other parties hereto, an appropriate response in compliance with such request. None of the Seller Parties or their respective Affiliates, on the one hand, or Parent or its Subsidiaries, on the other hand, shall participate in any meeting with any Governmental Entity with respect to the Merger unless it consults with the other parties hereto in advance and, to the extent permitted by such Governmental Entity, gives the other parties the opportunity to attend and participate thereat. To the extent not otherwise provided in this Section 5.6(b), the Seller Parties or their respective Affiliates, on the one hand, and Parent or its Subsidiaries, on the other hand, shall furnish the other parties hereto with copies of all correspondence, filings and communications between it and any such Governmental Entity with respect to the Merger, *provided* that either the Company or Parent or an Affiliate of Parent may redact any information from such correspondence, filings, and communications that discusses or reflects its valuation of the Merger. Tax return filings in the ordinary course and Tax proceedings with a Governmental Entity shall not be subject to the above provisions of this Section 5.6(b). The Seller Parties or their respective Affiliates, on the one hand, and Parent or its Subsidiaries, on the other hand shall furnish the other parties hereto with such necessary information and reasonable assistance as such other parties may reasonably request in connection with their preparation of necessary filings or submissions of information to any Governmental Entity. To the extent that transfers of Company Permits are required as a result of execution of this Agreement or consummation of the Merger, the Seller Parties and Parent shall use all commercially reasonable efforts to effect such transfers.

(c) Between the date hereof and the Closing, Parent and the Seller Parties shall use their commercially reasonable efforts to identify and secure or provide any consents or notices required as a result of the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(d) Whether prior to or after the Closing, the Company shall, and the other Seller Parties and Parent shall cause the Company to, use commercially reasonable efforts to obtain any consents, permits or licenses related to the Scheduled Items.

(e) Prior to the Closing Date, AMC shall effect the Contribution.

**Section 5.7 Public Announcements.** Parent, Merger Sub and each of the Seller Parties, as the case may be, will consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement, the Merger, or the other transactions contemplated hereby, and shall not issue any such press release or make any such public statement without the prior consent of the other parties hereto (which consent shall not be unreasonably withheld or delayed), except as may be required by applicable law or by obligations pursuant to any listing agreement with any national securities exchange or national market system to which Parent, its Affiliates, the Company or the Company's Subsidiaries is a party. If either party is unable to obtain the approval of its public report, statement or release from the other party and such report, statement or release is, in the opinion of legal counsel to such party, required by applicable law or by obligations pursuant to any listing agreement with any national securities exchange or national market system in order to discharge such party's disclosure obligations, then such party may make or issue the legally required report,

statement or release and promptly furnish the other party with a copy thereof. The parties hereto have agreed on the text of the joint press release by which announcement of the execution of this Agreement will be made.

**Section 5.8 *Listing Application.*** Parent shall prepare and submit to the NYSE a listing application covering the shares of Parent Common Stock to be issued in connection with the Merger, and shall use its reasonable efforts to obtain, prior to the Closing Date, approval for the listing of such shares of Parent Common Stock subject to official notice of issuance.

**Section 5.9 *Change of Recommendation.*** (a) Except as permitted by Section 5.9(b), neither the Special Committee nor the Parent Board shall withdraw or modify, or propose to withdraw or modify, in a manner adverse to the Seller Parties, its recommendation in favor of the Parent Amendment or the Parent Issuance. Nothing contained in this Agreement shall prevent the Special Committee or Parent Board from complying with Rules 14d-9 and 14e-2 promulgated under the Exchange Act.

(b) In the event that, prior to the Effective Time the Special Committee believes, in its good faith judgment, after receiving the advice of its outside legal counsel, that failing to do so would create a reasonable likelihood of breaching its fiduciary duties under applicable law, the Special Committee (and Parent Board acting on the recommendation of the Special Committee) may (subject to this Section 5.9(b)) withdraw or modify its approval or recommendation in favor of the Parent Amendment or the Parent Issuance, provided that it gives the Seller Parties three days' prior written notice of its intention to do so. Any such withdrawal or modification of the recommendation shall not change the approval of the Special Committee and the Parent Board for purposes of causing any state takeover statute or other state law to be inapplicable to the transactions contemplated hereby, or change the obligation of Parent to present the Parent Amendment and Parent Issuance for approval and adoption at the Stockholders Meeting.

**Section 5.10 *Privilege.*** The parties agree and acknowledge that the disclosure, provision or furnishing of information, directly or indirectly, by a Seller Party, Parent, or Merger Sub under this Agreement shall not be deemed a waiver of any privilege under applicable law that has been or may be asserted, including privileges arising under or relating to the attorney-client relationship (which shall include the attorney-client and work product privileges).

**Section 5.11 *Certain Tax Matters.*** (a) *United States Tax Matters.* The parties agree and acknowledge that they will not take any action that prevents the Merger from being treated as a tax-free reorganization pursuant to Section 368(a) of the Code and shall not take any position inconsistent with the foregoing on any Tax Return, unless required by law.

(b) *Mexican Tax Matters.* In accordance with Mexican Tax law and pursuant to paragraphs 5 and 6 of Article 190, AMC has delivered or caused to be delivered to the Company:

(i) A letter, in form and substance reasonably satisfactory to Parent, issued by AMC's appointed tax representative informing the Company that he will carry out the following, according to terms established in Article 190 and Article 263 of the regulations to the Mexican Federal Income Tax Law, on AMC's behalf:

(1) compute and pay, if any, Mexican income tax on the gain obtained in the Contribution; and

(2) have an independent public accountant in Mexico submit a tax report on the gain obtained and income tax computed and paid as described in subsection (b)(i)(1) above.

(ii) A certified copy, in form and substance reasonably satisfactory to Parent, of the notice of appointment of the tax representative of AMC as required under Article 190.

**Section 5.12 *Dividends.*** AMC shall use its best efforts to cause the Parent Board to declare, set aside and pay the quarterly cash dividend related to the third quarter of fiscal year 2004 to all of the holders of Parent Stock out of funds legally available for such purpose and consistent with past

practice. In addition, AMC hereby covenants and agrees that it shall use its best efforts to cause the Parent Board to declare and pay the Transaction Dividend prior to the Closing Date.

**Section 5.13 *Standstill.*** Each of the Seller Parties agrees that, prior to the date of the Parent Stockholder Approval, neither it nor any of its Affiliates will in any manner, directly or indirectly acquire or agree to acquire any shares of Parent Stock.

**Section 5.14 *Company Indebtedness.*** AMC agrees that, as of the Closing Date, the aggregate outstanding amount of Indebtedness of the Company and its Subsidiaries (plus minority interests (as calculated in accordance with GAAP consistent with past practice) less the aggregate amount of cash and cash equivalents of the Company and its Subsidiaries) on a consolidated basis shall not exceed \$1,000,000,000.

**Section 5.15 *Enforcement of Parent's Rights Under This Agreement.*** The Seller Parties and Parent agree that any action to be taken by Parent prior to the Closing to enforce its rights under this Agreement shall be taken by and at the direction of the Special Committee. The Seller Parties and Parent further agree that any action taken by Parent after the Closing to enforce its rights under this Agreement, including, without limitation, Parent's right to indemnification under Article VIII, shall be taken by and at the direction of a majority of the Special Independent Directors.

**Section 5.16 *Company Refinancing.*** AMC shall cause the refinancing of all of the outstanding obligations under the Common Agreement to be consummated by the Company on or prior to the Closing Date on terms and conditions set forth on Exhibit B or on such other terms and conditions as are reasonably satisfactory to Parent.

**Section 5.17 *Audited Financials.*** The Seller Parties shall cause the audit of the financial statements of Parent and its Subsidiaries contemplated by Section 9.1 to be completed on or prior to March 31, 2006.

**Section 5.18 *AMC Consolidated Net Worth.*** AMC will not at any time on or prior to the fifth anniversary of the Closing Date (such period, the "Restricted Period") permit AMC Consolidated Net Worth to be less than \$500,000,000 (five hundred million dollars); provided, however, that such required amount shall be reduced on each one year anniversary of the Closing by \$25,000,000 (twenty-five million dollars). During the Restricted Period, AMC shall deliver to Parent and the Special Independent Directors a certificate of AMC within 120 days after the end of each fiscal year of AMC, signed by an executive officer of AMC (i) certifying as to whether the provisions of this Section 5.18 have been complied with during such fiscal year and (ii) attaching a balance sheet demonstrating compliance with this Section 5.18 during such fiscal year.

**Section 5.19 *Parent Listing.*** For a period of five years after the Closing, Parent and AMC shall each use its respective reasonable best efforts to maintain the listing of Parent Common Stock on the New York Stock Exchange or other comparable internationally-recognized securities exchange or inter-dealer quotation system, unless the prior approval of a majority of the Special Independent Directors shall have been obtained.

## ARTICLE VI

### CONDITIONS TO CONSUMMATION OF THE MERGER

**Section 6.1 *Conditions to the Merger.*** (a) The obligation of ASC to consummate the Merger and the other transactions contemplated hereby is subject to the satisfaction or waiver (to the extent permitted by applicable law) at or prior to the Effective Time of each of the following conditions:

(i) *Accuracy of Representations and Warranties.* The representations and warranties made by Parent and Merger Sub herein, disregarding all qualifications and exceptions contained herein relating to materiality or Parent Material Adverse Effect or words of similar import, shall be true and correct on the date hereof and on the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified

date, which shall be true and correct only as of such specified date) with only such exceptions as would not, individually or in the aggregate, have a Parent Material Adverse Effect.

(ii) *Compliance with Covenants.* Each of Parent and Merger Sub shall have performed in all material respects (or with respect to any obligation or agreement qualified by materiality or Parent Material Adverse Effect, in all respects) all obligations and agreements, and complied in all material respects (or with respect to any covenant qualified by materiality or Parent Material Adverse Effect, in all respects) with all covenants, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date.

(iii) *Officer's Certificates.* ASC shall have received a certificate of Parent, dated as of the Closing Date, signed by an executive officer of Parent to evidence satisfaction of the conditions set forth in Sections 6.1(a)(i) and (ii).

(b) The obligation of Parent and Merger Sub to consummate the Merger and the other transactions contemplated hereby is subject to the satisfaction or waiver (to the extent permitted by applicable law) at or prior to the Effective Time of each of the following conditions:

(i) *Accuracy of Representations and Warranties.* The representations and warranties made by the Seller Parties herein, disregarding all qualifications and exceptions contained herein relating to materiality or Company Material Adverse Effect or words of similar import, shall be true and correct on the date hereof and on the Closing Date as if made on and as of such dates (except for representations and warranties that are made as of a specified date, which shall be true and correct only as of such specified date) with only such exceptions as would not have, individually or in the aggregate, a Company Material Adverse Effect.

(ii) *Compliance with Covenants.* The Seller Parties shall have performed in all material respects (or with respect to any obligation or agreement qualified by materiality or Company Material Adverse Effect, in all respects) all obligations and agreements, and complied in all material respects (or with respect to any covenant qualified by materiality or Company Material Adverse Effect, in all respects) with all covenants, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date.

(iii) *Company Indebtedness.* The aggregate outstanding amount of Indebtedness of the Company and its Subsidiaries (plus minority interests (as calculated in accordance with GAAP consistent with past practice) less the aggregate amount of cash and cash equivalents of the Company and its Subsidiaries) on a consolidated basis shall not exceed \$1,000,000,000.

(iv) *Officer's Certificate.* Parent shall have received a certificate of ASC, dated as of the Closing Date, signed by an executive officer of ASC to evidence satisfaction of the conditions set forth in Sections 6.1(b)(i), (ii) and (iii).

(v) *NYSE Listing.* The Parent Common Stock to be issued in the Merger shall have been approved for listing on the NYSE subject to official notice of listing.

(vi) *Mexican Tax Documents.* Parent shall have received copies of the documents referred to in Section 5.11(b).

(vii) *Company Refinancing.* The refinancing of all of the outstanding obligations under the Common Agreement shall have been consummated in accordance with Section 5.16.

(viii) *Transaction Dividend.* The Transaction Dividend shall have been paid.

(ix) *Contribution.* AMC shall have consummated the Contribution.

**Section 6.2 Conditions to Each Party's Obligations to Effect the Merger.** The respective obligations of each party hereto to effect the Merger and the other transactions contemplated hereby are further subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any and all of which may be waived in whole or in part by the parties hereto to the extent permitted by applicable law:

(a) *Stockholder Approval.* The Parent Stockholder Approval shall have been validly obtained under the DGCL

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and the Parent Amendment shall be effective pursuant to the DGCL.

(b) *Statutes; Court Orders.* No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated, issued or enforced by any Governmental Entity that prohibits, restrains, enjoins, precludes or restricts the consummation of the Merger.

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(c) *Competition Approvals.* All clearances or approvals required from any Governmental Entity, including pursuant to any antitrust or trade regulation laws or regulations, shall have been received in connection with the Merger, other than those clearances or approvals the failure of which to obtain would not have and would not be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect or a Parent Material Adverse Effect.

## ARTICLE VII

### TERMINATION; AMENDMENT; WAIVER

**Section 7.1 *Termination.*** This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time notwithstanding receipt of the Parent Stockholder Approval:

(a) by mutual written consent duly authorized by Parent Board;

(b) by Parent or ASC, if (i) any Governmental Entity shall have enacted, entered, promulgated, issued or enforced a final statute, rule, regulation, executive order, decree, ruling or injunction (which statute, rule, regulation, executive order, decree, ruling or injunction the parties hereto shall use their commercially reasonable efforts to reverse, overturn or lift) or taken any other final action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action is or shall have become final and nonappealable, or (ii) the Effective Time shall not have occurred on or before the Outside Date; *provided, however*, that the right to terminate this Agreement under this clause (ii) shall not be available to any party hereto whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before the Outside Date;

(c) by Parent, if there shall have been a material breach of any of the Seller Parties' representations, warranties or covenants, which breach (i) would give rise to the failure of a condition set forth in Section 6.1(b) or Section 6.2, and (ii) is not capable of being cured prior to the Outside Date or, if curable, has not been cured within 20 business days following receipt by the Seller Parties of written notice from Parent and Merger Sub of such breach;

(d) by ASC, if (i) there shall have been a material breach of any of Parent's or Merger Sub's representations, warranties or covenants, which breach (A) would give rise to the failure of a condition set forth in Section 6.1(a) or Section 6.2 and (B) is not capable of being cured prior to the Outside Date or, if curable, has not been cured within 20 business days following receipt by Parent and Merger Sub of written notice from the Company of such breach; or (ii) the Special Committee or the Parent Board shall withdraw, modify, or change (including by amendment of the Proxy Statement) its recommendation with respect to this Agreement, the Parent Amendment or the Parent Issuance in a manner adverse to ASC or shall have resolved to do any of the foregoing; or

(e) by either Parent or ASC, if at the Stockholders Meeting (including any postponement or adjournment thereof), the Parent Stockholder Approval shall have not been obtained.

**Section 7.2 *Effect of Termination.*** In the event of the termination and abandonment of this Agreement pursuant to Section 7.1, written notice thereof shall forthwith be given to the other party or parties in accordance with Section 9.4, specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become void and have no effect, without any liability on the part of any of the Seller Parties or their Affiliates or Parent or Parent's Affiliates or their respective directors, officers, employees or stockholders, other than the provisions of this Section 7.2 and Section 7.3; *provided, however*, that nothing contained in this Section 7.2 shall relieve any party from liability for any willful and material breach of this Agreement.

**Section 7.3 Fees and Expenses.** Except as specifically provided in this Section 7.3, all costs and expenses incurred in connection with this Agreement, the Merger, and the other transactions contemplated by this Agreement shall be paid by the party incurring such expenses, regardless of whether the Merger or any other transaction contemplated by this Agreement is consummated.

**Section 7.4 Amendment.** This Agreement may be amended at any time before or after Parent Stockholder Approval by an instrument in writing signed by all of the parties hereto: *provided that*, in addition to any other approval required by law, in the case of Parent, this Agreement may only be amended following approval of such amendment by the Special Committee; *provided, further* that after Parent Stockholder Approval, no amendment shall be made that by law requires further approval by the stockholders of Parent without the further approval of such stockholders.

**Section 7.5 Waiver.** At any time prior to the Effective Time, any party hereto may (i) extend the time for the performance of any of the obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document, certificate or writing delivered pursuant hereto, or (iii) waive compliance by the other party with any of the agreements or conditions contained herein: *provided, however*, that Parent may only grant such extension or waiver if it first obtains the written approval of the Special Committee. Any agreement on the part of any party or parties hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party or parties. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of such rights.

## ARTICLE VIII

### INDEMNIFICATION

**Section 8.1 General Indemnification.** (a) By AMC,

(i) Subject to the limitations set forth in Section 8.2, if the Closing shall occur, AMC shall indemnify, save and hold harmless Parent and its Subsidiaries, and each of their respective directors, officers, employees, stockholders (other than AMC and its Affiliates), successors, transferees and assignees, and Representatives (each, a "Parent Party"), from and against any and all costs, losses, charges, liabilities, obligations, damages (whether actual or punitive), lawsuits, response actions, removal actions, remedial actions, judgments, deficiencies, demands, fees, claims, settlements and expenses, including, without limitation, interest, penalties, costs of mitigation, reasonable attorneys' fees and expenses, all amounts paid in the investigation, defense or settlement of any of the foregoing and costs of enforcing this indemnity (collectively, "Damages"), incurred or suffered in connection with, arising out of, resulting from or relating or incident to, whether directly or indirectly:

(1) any untruth, inaccuracy or incorrectness of, or other breach of, any representation or warranty of or by the Seller Parties contained in Section 3.1 (Organization and Qualification; Subsidiaries), Section 3.2 (Capitalization of the Company and its Subsidiaries), Section 3.3 (Authority Relative to this Agreement), Section 3.5 (Certifications), Section 3.9 (ASC), Section 3.14(b) (Taxes), and Section 3.21 (Affiliate Transactions);

(2) the nonfulfillment, nonperformance, nonobservance or other breach or violation of, or default under, the covenants contained in Section 2.9(b) (Post-Closing Deliveries), Section 5.6(d) (Permits) and Section 5.11(b) (Mexican Tax Procedures);

(3) any Pre-Closing Environmental Matters; and

(4) the enforcement by any Parent Party of the rights of indemnification provided in this Section 8.1(a).



(ii) The claims for indemnity by Parent Parties pursuant to this Section 8.1(a) are referred to as "*Parent Claims*." The indemnity provided for in this Section 8.1(a) is not limited to Third-Party Claims against any Parent Party, but includes Parent Claims incurred or sustained by any Parent Party in the absence of Third-Party Claims.

(b) *Defense of Claims.*

(i) If a Parent Claim is to be made by a person entitled to indemnification hereunder, the person claiming such indemnification shall give written notice (a "*Claim Notice*") to AMC (A) as soon as practicable after the person entitled to indemnification becomes aware of any fact, condition or event which may give rise to Damages for which indemnification may be sought under this Section 8.1 and (B) in the case of the assertion of a claim (whether pursuant to a lawsuit or other legal action or otherwise) or the commencement of any Action by a third party (together, a "*Third-Party Claim*"), upon receipt of written notice of the Third-Party Claim. The failure of any indemnified person to give timely notice hereunder shall not affect rights to indemnification hereunder, except and only to the extent that, AMC is materially prejudiced by such failure.

(ii) If in the case of a Third-Party Claim, AMC shall acknowledge in writing to the indemnified person that AMC shall be obligated to indemnify the indemnified person under the terms of its indemnity hereunder in connection with such Third-Party Claim, then AMC shall be entitled and, if it so elects, shall be obligated at its own cost, risk and expense to participate in or take control of the defense and investigation of such Third-Party Claim (unless (x) AMC is also a party to such Third-Party Claim and the indemnified person has been advised in writing by counsel that a conflict of interest exists between the indemnified person and AMC with respect to such Third-Party Claim which makes representation of both parties inappropriate under applicable standards of professional conduct, or (y) AMC fails to provide reasonable assurance to the indemnified person of its financial capacity to defend such Third Party-Claim and provide indemnification with respect to such Third-Party Claim) and to pursue the defense thereof in good faith by appropriate actions or proceedings promptly taken or instituted and diligently pursued, including, without limitation, to employ and engage attorneys of its own choice reasonably acceptable to the indemnified person to handle and defend, compromise or settle such claim, which compromise or settlement shall be made only with the written consent of the indemnified person, such consent not to be unreasonably withheld or delayed. If requested by AMC, the indemnified person will, at the sole cost and expense of AMC, cooperate with AMC and its counsel in contesting any Third Party Claim that the AMC elects to contest, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the Person asserting the Third Party Claim, or any cross-complaint against any Person (other than the indemnified person or any of its Affiliates). Notwithstanding the foregoing, the indemnified person may retain or take over the control of the defense or settlement of any Third Party Claim the defense of which AMC has elected to control if the indemnified person irrevocably waives its right to indemnity under this Section 8.1 with respect to such Third Party Claim.

(iii) In the event AMC elects to assume control of the defense and investigation of such lawsuit or other legal action in accordance with this Section 8.1(b), the indemnified person may, at its own cost and expense, participate in the investigation, trial and defense of such Third-Party Claim; *provided* that, if the named persons to a lawsuit or other legal action include both AMC and the indemnified person and the indemnified person has been advised in writing by counsel that a conflict of interest exists between the indemnified person and AMC with respect to such Third-Party Claim which makes representation of both parties inappropriate under applicable standards of professional conduct, the indemnified person shall

be entitled, at AMC's cost, risk and expense, to separate counsel of its own choosing and reasonably acceptable to AMC.

(iv) If AMC fails to notify the indemnified person in writing of its election to assume the defense of such Third-Party Claim in accordance with this Section 8.1 within 15 days after receipt of the Claim Notice, the indemnified person against which such Third-Party Claim has been asserted shall (upon delivering notice to such effect to AMC) have the right to undertake, at AMC's cost, risk and expense, the defense, compromise and settlement of such Third-Party Claim on behalf of and for the account of AMC; *provided* that such Third-Party Claim shall not be compromised or settled without the written consent of AMC, which consent shall not be unreasonably withheld or delayed. In the event AMC assumes the defense of the claim, AMC shall keep the indemnified person reasonably informed of the progress of any such defense, compromise or settlement, and in the event the indemnified person assumes the defense of the claim, the indemnified person shall keep AMC reasonably informed of the progress of any such defense, compromise or settlement. AMC shall be liable for any settlement of any Third-Party Claim effected pursuant to and in accordance with this Section 8.1 and for any final judgment (subject to any right of appeal), and AMC agrees to indemnify and hold harmless each indemnified person from and against any and all Damages by reason of such settlement or judgment.

(v) Notwithstanding the foregoing, if the indemnified person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or its Affiliates other than as a result of monetary Damages for which it would be entitled to indemnification under this Agreement, the indemnified person may, by notice to AMC, assume the exclusive right to defend, compromise or settle such Third-Party Claim.

(vi) Notwithstanding anything to the contrary contained in this Agreement, no amounts of indemnity shall be payable as a result of any Parent Claim, unless the Parent Party (or Parent Parties) has given AMC a Claim Notice, with respect to such claim, setting forth in reasonable detail the specific facts and circumstances pertaining thereto prior to the applicable survival date set forth in Section 9.1.

## Section 8.2 *Limitations on Indemnity.*

### (a) *Maximum Liability.*

(i) Parent Claims made with respect to the representations, warranties or covenants contained in Section 2.9(b) (Post-Closing Deliveries), Section 3.2 (Capitalization of the Company and its Subsidiaries), Section 3.9 (ASC), Section 3.14(b) (Taxes), and Section 5.11(b) (Mexican Tax Matters) shall in each case be fully reimbursable.

(ii) Except as otherwise provided in clause (i) above, the maximum aggregate amount of Damages for which AMC shall be liable for Parent Claims shall be an amount equal to the Indemnity Cap.

### (b) *Deductible.*

(i) *Sellers' Deductible.* Except as otherwise provided in the immediately following sentence, no Parent Party shall seek, or be entitled to, indemnification from AMC until the aggregate amount of Damages incurred or suffered by all Parent Parties under such sections exceeds \$100,000,000 (one hundred million dollars) (the "Indemnity Deductible"), and once the Parent Parties have incurred or suffered aggregate Damages exceeding the Indemnity Deductible, the Parent Parties shall be entitled to indemnity only for Damages in excess of the Indemnity Deductible. All Parent Claims made pursuant to Section 2.9(b) (Post-Closing Deliveries), Section 3.2 (Capitalization of the Company and its Subsidiaries), Section 3.9

(ASC), Section 3.14(b) (Taxes), Section 5.6(d) (Permits), Section 5.11(b) (Mexican Tax Matters) and Section 8.1(a)(i)(3) that relate solely to the Scheduled Items are not subject to the Indemnity Deductible and shall be fully reimbursable. Once it is determined there is a breach of a representation, warranty or covenant, the amount of Damages shall be determined without giving effect to any Material Adverse Effect qualification or any other materiality, dollar limit or similar qualification contained in the applicable representation, warranty or covenant. For purposes of this Article VIII, a breach of the representations or warranties contained in Section 3.1 (Organization and Qualification: Subsidiaries), or Section 3.5 (Certifications) shall be determined without giving effect to any Company Material Adverse Effect qualification or any other materiality, dollar limit or similar qualification contained in such sections or Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as applicable.

(c) *Calculation of Damages.*

(i) *Insurance and Other Proceeds.* To the extent that any Parent Claim is covered by insurance held by AMC or its Affiliates, such indemnified person shall be entitled to indemnification pursuant to Section 8.1 only with respect to the amount of the Damages that are in excess of the cash proceeds actually received by such indemnified person (after deducting reasonable costs and expenses incurred in connection with recovery of such proceeds, including premium increases) pursuant to such insurance. If such indemnified person actually receives such cash insurance proceeds, then the amount payable by AMC pursuant to such claim shall be reduced by the amount of such proceeds, whether such proceeds were received prior to or after the time such claim is paid (if a Parent Party receives cash insurance proceeds after any indemnification is made pursuant to Section 8.1, then the indemnified person shall reimburse AMC the amount of such proceeds). In addition, with respect to any Parent Claim, the amount of Damages payable pursuant to Section 8.1 shall be computed net of (A) any related cash proceeds that an indemnified person has actually received (including, without limitation, any cash proceeds received as a result of sales of property, plant and equipment) and (B) any other related benefits that are actually received by the indemnified person relating to cost reductions, in each case, with respect to the matters that are the subject of such Parent Claim.

(ii) *Effect of Taxes.* The amount of any indemnity payments for Damages under Section 8.1 above shall be determined after giving effect to any Tax savings to the indemnified person resulting from the payments giving rise to such indemnity payments or any additional Taxes payable by such indemnified person as a result of the receipt of such payments. Any indemnity payment made pursuant to Section 8.1 shall be treated by Parent and ASC as an adjustment to the Merger Consideration.

(d) *Party Actions.* In connection with any Parent Claim, the Seller Parties and Parent shall use commercially reasonable efforts to mitigate Damages.

**Section 8.3 Exclusive Remedy.** (a) Except for actions grounded in fraud or deceit, the parties hereto acknowledge and agree that from and after the Closing, the indemnification provisions in this Article VIII shall be the exclusive remedy of Parent and Merger Sub with respect to the transactions contemplated by this Agreement. With respect to actions grounded in fraud or deceit, (A) the right of a party to be indemnified and held harmless pursuant to this Article VIII shall be in addition to and cumulative of any other remedy of such party at law or in equity and (B) no such party shall, by exercising any remedy available to it under this Article VIII, be deemed to have elected such remedy exclusively or to have waived any other remedy, whether at law or in equity, available to it.

(b) *No Right of Contribution.* AMC acknowledges and agrees that, upon and after the Closing, the Company and AMC shall not have any liability or obligation to indemnify, save or hold harmless or otherwise pay, reimburse or make any Parent Party or AMC whole for or on account

of any Parent Claim or any untruth, inaccuracy or incorrectness of, or other breach of, any representation or warranty or the nonfulfillment, nonperformance, nonobservance or other breach or violation of, or default under, any covenant or agreement of the Seller Parties or the Company, and AMC shall have no right of contribution against the Company, ASC or any of their Subsidiaries.

**Section 8.4 *Payment.*** With respect to Third Party Claims for which indemnification is payable hereunder, AMC will pay the indemnified person promptly after (a) the entry of judgment against the indemnified person and the expiration of any applicable appeal period, (b) the entry of a non-appealable judgment or final appellate decision against the indemnified person or (c) the execution of any settlement agreement referred to in Section 8.1. Notwithstanding the foregoing, expenses of the indemnified person for which AMC is responsible shall be reimbursed on a current basis by AMC.

**Section 8.5 *Right to Indemnification Not Affected by Knowledge or Waiver.***

(a) The right to indemnification based upon breach (subject to the disclosures, if any, made in the Company Disclosure Schedule) of representations, warranties, covenants, agreements or obligations will not be affected by any investigation conducted with respect to, or knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, whether as a result of disclosure by a party hereto pursuant to Section 5.4 or otherwise, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant, agreement or obligation.

(b) The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant, agreement or obligation, will not affect the right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants, agreements and obligations.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.1 *Survival of Representations, Warranties and Covenants.*** The representations and warranties made herein shall not survive beyond the Effective Time, *provided, however*, the representations and warranties contained in Section 3.1 (Organization and Qualification; Subsidiaries), Section 3.2 (Capitalization of the Company and its Subsidiaries), Section 3.3 (Authority Relative to this Agreement), Section 3.9 (ASC), 4.1 (Organization), 4.2 (Authority Relative to this Agreement) and 4.4 (Capitalization) shall survive the Closing through the applicable statute of limitations, including any extensions thereof, plus 60 days; and *provided further*, the representations and warranties contained in Section 3.5 (Certifications), Section 3.14(b) (Taxes), and Section 3.21 (Affiliate Transactions) shall survive the Closing (a) through completion of the audit by Parent's independent auditors of the financial statements of Parent and its Subsidiaries for the period ending December 31, 2005, plus 60 days in the event the Closing occurs prior to July 1, 2005 or (b) through completion of the audit by Parent's independent auditors of the financial statements of Parent and its Subsidiaries for the period ending December 31, 2006 plus 60 days in the event that the Closing occurs on or after July 1, 2005. The covenants and agreements of the parties contained herein shall survive the Closing in accordance with their terms, *provided* that the covenants contained in Article VIII, or otherwise in the event no term is specified in such covenant, shall survive indefinitely and *provided further*, the indemnification provided in Section 8.1(a)(i)(3) (Pre-Closing Environmental Matters) shall survive until the five-year anniversary of the Closing Date. The Parties acknowledge and agree that an indemnified person who has asserted a claim for indemnification under Section 8.1 within the applicable survival period will be entitled to continue such action and receive the benefits of Section 8.1, irrespective of the fact that such applicable survival period has expired.

**Section 9.2 *Entire Agreement; Assignment.*** This Agreement (including the schedules and Exhibits hereto and thereto) constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof. This Agreement shall not be assigned by operation of law or otherwise.

**Section 9.3 *Severability.*** If any provision of this Agreement, or the application thereof to any Person or circumstance, is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other Persons or circumstances shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable. Upon such determination that any provision is invalid or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in a manner acceptable to all parties hereto.

**Section 9.4 *Notices.*** All notices, requests, claims, demands and other communications hereunder shall be in writing (including by facsimile with written confirmation thereof) and unless otherwise expressly provided herein, shall be delivered during normal business hours by hand, by Federal Express or other nationally recognized overnight commercial delivery service, or by facsimile notice, confirmation of receipt received, addressed as follows, or to such other address as may be hereafter notified by the respective parties hereto:

- (a) If to ASC or the Company prior to the Closing or to AMC:

Baja California 200  
Col. Roma Sur  
06760 México City  
Attention: General Counsel  
Facsimile: 011-52-55-5274-8400

With copies, which will not constitute notice, to:

Milbank, Tweed, Hadley & McCloy LLP  
One Chase Manhattan Plaza  
New York, New York 10005  
Attention: Michael L. Fitzgerald, Esq.  
Facsimile: 212-822-5224

- (b) If to Parent or Merger Sub or to ASC or the Company after the Closing:

Southern Peru Copper Corporation  
2575 East Camelback Road, Suite 500  
Phoenix, Arizona 85016  
Attention: Chairman of the Special Committee  
Facsimile: 602-977-6795

With copies, which will not constitute notice, to:

Latham & Watkins LLP  
885 Third Avenue, Suite 1000  
New York, New York 10022-4802  
Attention: Charles Nathan, Esq.  
Facsimile: 212-751-4864

**Section 9.5 *Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.*** (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof.

(b) The parties hereto hereby agree and consent to be subject to the exclusive jurisdiction of the courts of the State of Delaware sitting in the County of New Castle and the United States District Court for the State of Delaware in any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the Merger. Each party hereto hereby irrevocably waives, to the fullest extent permitted by law, (i) any objection that it may now or hereafter have to laying venue of any suit, action or proceeding brought in such courts, and (ii) any claim that any suit, action or proceeding brought in such courts has been brought in an inconvenient forum.

(c) EACH OF PARENT, MERGER SUB AND THE SELLER PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF PARENT, MERGER SUB OR THE SELLER PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

**Section 9.6 *Specific Performance.*** The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled, without posting a bond or similar indemnity, to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal court located in the State of Delaware or any Delaware state court, in addition to any other remedy to which they are entitled at law or in equity.

**Section 9.7 *Interpretation.*** When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

**Section 9.8 *Parties in Interest.*** This Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns, and except otherwise explicitly provided in this Agreement, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

**Section 9.9 *Counterparts.*** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

AMERICAS SALES COMPANY, INC.

By: /s/ JAIME FERNANDO COLLAZO GONZÁLEZ

Name: Jaime Fernando Collazo González  
Title: Attorney in Fact

AMERICAS MINING CORPORATION

By: /s/ J. EDUARDO GONZÁLEZ FÉLIX

Name: J. Eduardo González Félix  
Title: President

MINERA MÉXICO S.A. DE C.V.

By: /s/ LIGIA SANDOVAL PARRA

Name: Ligia Sandoval Parra  
Title: General Counsel

SOUTHERN PERU COPPER CORPORATION

By: /s/ OSCAR GONZÁLEZ ROCHA

Name: Oscar González Rocha  
Title: President/CEO

SPCC MERGER SUB, INC.

By: /s/ ARMANDO ORTEGA GÓMEZ

Name: Armando Ortega Gómez  
Title: Attorney in fact

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## Annex B

**PERSONAL AND CONFIDENTIAL**

October 21, 2004

Special Committee of Disinterested Directors  
Southern Peru Copper Corporation  
2575 East Camelback Road, Suite 500  
Phoenix, Arizona 85016

Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to Southern Peru Copper Corporation (the "Company") of the exchange (the "Exchange") of 67,207,640 newly-issued shares of common stock, par value \$0.01 per share (the "Company Common Stock"), of the Company for 99.1463% of the outstanding shares of Minera México S.A. de C.V. ("MM") currently owned by Americas Mining Corporation ("AMC"), the controlling stockholder of the Company (those shares of MM, the "MM Shares"), pursuant to the Agreement and Plan of Merger, dated as of October 21, 2004 (the "Agreement"), by and among the Company, SPCC Merger Sub, Inc., a wholly owned subsidiary of the Company ("Merger Sub"), Americas Sales Corporation, Inc. ("ASC"), a wholly owned subsidiary of AMC, AMC and MM. The Agreement provides for the merger of Merger Sub with and into ASC (the "Merger"). Under the terms of the Agreement, the MM Shares will be contributed to ASC prior to the consummation of the Merger. As a result of the Merger, ASC will become a wholly owned subsidiary of the Company and the Company will become the indirect owner (through ASC) of the MM Shares.

Goldman, Sachs & Co. and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. We have acted as financial advisor to the Special Committee of Disinterested Directors (the "Committee") of the Company in connection with, and have participated in certain of the negotiations leading to, the Merger. We have received and expect to receive fees for our services in connection with the Merger and the Company has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement. In addition, we have provided certain investment banking services to affiliates of Cerro Trading Company ("Cerro"), a significant stockholder of the Company, including acting as lead manager in connection with a bank loan in the aggregate principal amount of \$70 million to Reliant Pharmaceuticals LLC, an affiliate of Cerro, in September 2004. We may also provide investment banking services to the Company, MM, Grupo México, S.A. de C.V. ("Grupo México"), Cerro and Phelps Dodge Overseas Capital Corporation ("Phelps Dodge"), a significant stockholder of the Company, and their affiliates in the future. In connection with the above-described services we have received, and may receive, compensation.

Goldman, Sachs & Co. is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman, Sachs & Co. and its affiliates may provide such services to the Company, MM, Grupo México, Cerro and Phelps Dodge and their affiliates, and may actively trade the debt and equity securities (or related derivative securities) of the Company, MM, Grupo México

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and their affiliates and of affiliates of Cerro and Phelps Dodge for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

In connection with this opinion, we have reviewed, among other things, the Agreement; annual reports to stockholders and Annual Reports on Form 10-K of the Company, Annual Reports on Form 20-F of MM, and annual reports to shareholders of Grupo México, for the five fiscal years ended December 31, 2003; certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company, certain interim reports to security holders of MM and certain interim reports to shareholders of Grupo México; certain other communications from the Company, MM and Grupo México to their respective security holders; a Life-of-Mine Production Plan for MM's La Caridad mine, dated January 2004, prepared by Winters, Dorsey & Company, LLC for MM, a Long Term Plan for MM's Mexicana de Cananea mine, dated March 2004, prepared by Mintec, Inc. for Grupo México, and a Long Term Mining Plan Alternative 3 Life of Mine Schedule for MM's Mexicana de Cananea mine, dated May 2004, prepared by Mintec, Inc. for Grupo México (collectively, the "Mine Plans"); certain analyses and recommendations provided to the Committee by Anderson and Schwab Inc. ("A&S"), an independent mining consultant retained by the Committee; certain internal financial analyses and forecasts for MM prepared by its management and certain internal financial analyses and forecasts for the Company prepared by its management (together, the "Management Forecasts"); the Management Forecasts as adjusted to reflect the average price forecasts for copper and molybdenum published by research analysts and modifications recommended to the Committee by A&S, which adjustments were reviewed and approved by the Committee (the "Forecasts"); and certain tax savings MM and Grupo México management estimated will result from the use of certain tax loss carry-forwards and recoverable asset taxes of MM and its subsidiaries identified to the Committee by MM and Grupo México managements (the "Tax Savings Estimates").

We have also held discussions with members of the senior managements of the Company, MM and Grupo México regarding their assessment of the strategic rationale for, and the potential benefits of, the Merger and the past and current business operations, financial condition and future prospects of the Company and MM. In addition, we have reviewed the reported price and trading activity for the shares of the Company Common Stock, compared certain financial and stock market information for the Company and certain financial information for MM with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations and performed such other studies and analyses, and considered such other factors, as we considered appropriate.

We have relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by us and have assumed such accuracy and completeness for purposes of rendering this opinion. In that regard, we have assumed with your consent that (1) except to the extent adjusted with the approval of the Committee, the Management Forecasts have been reasonably prepared and reflect the best currently available estimates and judgments of management of the Company or MM, as applicable; and (2) the modifications to the Management Forecasts recommended to the Committee by A&S have been reasonably prepared and reflect the best currently available estimates and judgments of A&S. We have also assumed with your consent that the Tax Savings Estimates have been reasonably prepared and reflect the best currently available estimates and judgments of MM and Grupo México.

We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) or the mineral reserves of the Company or MM or any of their respective subsidiaries, and except for the Mine Plans, we have not been furnished with any such evaluation or appraisal. We have also not made an analysis of, nor are we expressing any view with respect to, the level of mineral reserves of MM and the Company or any environmental matters relating to the Company, MM or any of their former or present subsidiaries.

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In addition, we have assumed with your consent that (i) all governmental, regulatory or other consents, permits and approvals necessary for the consummation of the Merger, and all governmental, regulatory or other consents, permits and approvals that are necessary for the operation of the businesses of the Company and MM and material to this opinion, have been and will be obtained without any adverse effect on the Company or MM or on the expected benefits of the Merger in any way meaningful to our analysis, and (ii) the Merger will be consummated in accordance with the terms of the Agreement, without the waiver of any material conditions. We have also relied upon the advice the Committee has received from its legal and tax advisors as to all legal and tax matters in connection with the Agreement.

Our opinion does not address the underlying business decision of the Company to engage in the Merger, nor are we expressing any opinion as to the prices at which shares of Company Common Stock will trade at any time. In addition, our opinion does not take into account, and we are not opining on, the contractual and governance terms contained in the Agreement and the Corporate Governance Amendments (as defined in the Agreement) or any related agreements. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Committee in connection with its consideration of the Merger and such opinion does not constitute a recommendation as to how any holder of shares of Company Common Stock should vote with respect to the Agreement.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange pursuant to the Agreement is fair from a financial point of view to the Company.

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## Annex C

**CHARTER AMENDMENTS**

RESOLVED, that the first sentence of Sections 4.1 and 4.2(a) of Article FOUR of the Restated Certificate of Incorporation will be amended and replaced in their entirety to read as follows:

"4.1 *Authorized Shares.* The total number of shares of capital stock of the Corporation shall have authority to issue is 167,207,640 shares, par value one cent (\$0.01) per share."

"4.2 *Designation and Amounts.* (a) The two series of capital stock of the Corporation shall consist of 65,900,833 shares of Class A Common Stock, par value one cent (\$0.01) per share (the "Class A Common Stock"), and 101,306,807 shares of Common Stock, par value one cent (\$0.01) per share (the "Common Stock")."

RESOLVED, that a new Article EIGHT and Article NINE will be added to the Restated Certificate of Incorporation to read in its entirety as follows:

**"ARTICLE EIGHT****SPECIAL NOMINATING COMMITTEE**

8.1 *Definitions.* As used in this ARTICLE EIGHT and ARTICLE NINE, the following terms have the following meanings:

(a) "Effective Time" shall having the meaning ascribed to it in the Agreement and Plan of Merger by and among Southern Peru Copper Corporation, SPCC Merger Sub, Inc., Americas Sales Company, Inc., Americas Mining Corporation and Minera México, S.A. de C.V., dated as of October 21, 2004.

(b) "Founding Stockholder" shall have the meaning ascribed to it in Section 4.9(a).

(c) "Independent Director" means a director who satisfies the independence requirements of the New York Stock Exchange Listed Company Manual, or, if the principal United States listing of the Common Shares is on another United States securities exchange or inter-dealer quotation system of a registered national securities association, the equivalent requirements of the applicable rules and regulations of that exchange or association.

(d) "Public Stockholders" shall mean all holders of Common Shares, other than Grupo México, S.A. de C.V. ("Grupo México") and its affiliates.

(e) "Special Independent Director" means a director who (a) is an Independent Director, and (b) has been nominated by the Special Nominating Committee of the Corporation in accordance with the provisions of this ARTICLE EIGHT; *provided, however*, that any director nominated by a Founding Stockholder other than Grupo México in accordance with the provisions of the Stockholders Agreement shall be deemed a Special Independent Director (any such director, a "Stockholder Designee").

(f) "Stockholders Agreement" means that certain Agreement Among Certain Stockholders of Southern Peru Copper Corporation, dated as of January 2, 1996, as amended by the First Amendment to the Agreement Among Certain Stockholders of Southern Peru Copper Corporation, dated January 11, 2001, as such agreement may be amended from time to time.

8.2 *Board of Directors.* The Board of Directors shall at all times include a number of Special Independent Directors that is equal to or greater than the Minimum Number of Special Independent Directors (as defined in Paragraph 8.4). Special Independent Directors may only be removed from the Board of Directors for cause, by resolution passed at any meeting of the Board of Directors in the manner provided in the Bylaws.



8.3 *Powers.* Effective as of the Effective Time, the Corporation shall have a special nominating committee (the "Special Nominating Committee"). Subject to Paragraph 8.6 and in accordance with Section 141(a) of the Delaware General Corporation Law ("DGCL"), the Special Nominating Committee shall have the exclusive power and authority otherwise conferred upon the Board of Directors to: (i) nominate persons to stand for election as Special Independent Directors (other than the Stockholder Designees) at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected) and to evaluate candidates for such nominations; and (ii) fill any vacancy created by the removal, resignation or retirement from the Board of Directors or the death of any Special Independent Director (other than the Stockholder Designees). The Special Nominating Committee shall, in accordance with Section 141(a) of the DGCL, have the exclusive power and authority otherwise conferred upon the Board of Directors to determine its own policies and procedures with regard to the matters set forth in this ARTICLE EIGHT and to set forth such policies and procedures in a committee charter.

8.4 *Special Independent Directors.* The Special Nominating Committee shall have the right to nominate the number of Special Independent Directors (the "Minimum Number of Special Independent Directors") that equals (a) a number equal to the number of directors which shall constitute the entire Board of Directors multiplied by (b) the percentage of Common Shares owned by the Public Stockholders out of the aggregate Common Shares owned by all holders of Common Shares as of the last day of the fiscal quarter immediately preceding the date on which the Special Nominating Committee acts, rounded up to the nearest whole number. At no time shall the aggregate number of persons nominated as Special Independent Directors in accordance with Paragraph 8.3 and Paragraph 8.4 and the number of Stockholder Designees be less than two or greater than six.

8.5 *Membership and Manner of Acting.*

(a) The Special Nominating Committee shall consist of three (3) directors of the Corporation, two (2) of whom shall be Luis Miguel Palomino and Carlos Ruiz Sacristán (each of such two directors, an "Initial Member" and together with their successors, "Special Designees") and such other director, who shall initially be Oscar González Rocha, as may be appointed by the Board of Directors (the "Board Designee"). The Board of Directors shall designate annually the Board Designee, immediately following the election of directors at the annual meeting of the Board of Directors. The members of the Board of Directors who are Special Independent Directors or Initial Members shall designate annually the Special Designees, immediately following the election of directors at the annual meeting of the Board of Directors. Any vacancy on the Special Nominating Committee resulting from the removal, resignation, retirement or death of either an Initial Member or a Special Independent Director shall be filled only by a Special Independent Director. Any Designee may be removed at any time for cause, by resolution passed at any meeting of the Board of Directors in the manner provided in the Bylaws.

(b) At all meetings of the Special Nominating Committee the presence of all members shall be necessary and sufficient to constitute a quorum for the transaction of business, and the unanimous vote of all members of the Special Nominating Committee shall be necessary for the adoption of any resolution or the taking of any action.

8.6 *Alternative Nominating Procedures.* Notwithstanding the foregoing provisions of this ARTICLE EIGHT, the power and authority of the Special Nominating Committee to nominate persons to stand for election as Special Independent Directors shall be subject to:

(a) the rights of the stockholders of the Corporation to make nominations in compliance with the procedures set forth in the Bylaws; and

(b) the rights of the Founding Stockholders to nominate Stockholders Designees.

8.7 *Amendment of ARTICLE EIGHT.* The provisions of this ARTICLE EIGHT may only be amended by the affirmative vote of a majority of the Public Stockholders (calculated without giving effect to any super majority voting rights of the holders of the Class A Common Stock pursuant to Paragraph 4.7(a))."

## "ARTICLE NINE

### AFFILIATE TRANSACTION REVIEW

The Corporation shall not engage in any Material Affiliate Transaction unless it has been the subject of prior review by a committee of the Board of Directors with at least three members, each of whom is an Independent Director (any such committee, an "Affiliate Transactions Committee"). For purposes of this ARTICLE NINE, a "Material Affiliate Transaction" shall mean any transaction, business dealing or material financial interest in any transaction, or any series of related transactions, between Grupo México or one of its affiliates (other than the Corporation or any of the Corporation's subsidiaries), on the one hand, and the Corporation or one of the Corporation's subsidiaries, on the other hand, that involves consideration of more than \$10,000,000 in the aggregate."

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**Annex D****UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION****INDEX**

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**UNAUDITED PRO FORMA COMBINED CONDENSED  
STATEMENT OF EARNINGS**

**Stated in Thousands of U.S. Dollars, except per share data**

**For the nine-month period ended September 30, 2004**

	Pro Forma					
	Southern Peru Copper Corporation	Minera Mexico S.A de C.V.	Merger adjustments(1)	Sub total	Other non-merger adjustments	Combined
Net sales:						
Stockholders and affiliates	\$ 53,141			53,141		\$ 53,141
Others	1,038,023	973,118		2,011,141		2,011,141
Total net sales	1,091,164	973,118		2,064,282		2,064,282
Operating costs and expenses:						
Costs of sales (exclusive of depreciation, amortization and depletion and exploration separately shown below)	465,726	455,753	(908)(2a.) 91(2d.)	920,662	142 (3e.)	920,804
Administrative	21,439	30,222		51,661		51,661
Depreciation, amortization and depletion	57,557	85,808		143,365	(1,416)(3b.)	141,949
Exploration	6,167	4,379		10,546		10,546
Total operating costs and expenses	550,889	576,162	(817)	1,126,234	(1,274)	1,124,960
Operating income	540,275	396,956	817	938,048	1,274	939,322
Interest income	3,618	1,662		5,280		5,280
Other (expense) income, net	(2,829)	39,611		36,782		36,782
Interest expense	(8,355)	(77,912)		(86,267)		(86,267)
Earnings (loss) before income taxes and minority interest	532,709	360,317	817	893,843	1,274	895,117
Provision (benefit) for taxes on income	190,213	74,970	300(2c.)	265,483	467 (3d.)	265,950
Minority interest of investment shares	2,828	8,775		11,603	(8,775)(3b.)	2,828
Income (loss) from continuing operations	\$ 339,668	276,572	517	616,757	9,582	\$ 626,339
Pro forma per common share amount						\$ 4.25
Pro forma weighted average common shares outstanding						147,224,415

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**UNAUDITED PRO FORMA COMBINED CONDENSED**  
**STATEMENT OF EARNINGS**

Stated in Thousands of U.S. Dollars, except per share data

For the year ended December 31, 2003

Pro Forma						
	Southern Peru Copper Corporation	Minera Mexico S.A de C.V.	Merger adjustments(1)	Sub total	Other Non-merger adjustments	Combined
Net sales:						
Stockholders and affiliates	\$ 5,214		(3,362)(2a.)	1,852		\$ 1,852
Others	793,192	781,597		1,574,789		1,574,789
Total net sales	798,406	781,597	(3,362)	1,576,641		1,576,641
Operating costs and expenses:						
Costs of sales (exclusive of depreciation, amortization and depletion and exploration separately shown below)	468,453	526,475	(2,454)(2a.) (91) (2d.)	992,383	189 (3e.)	992,572
Administrative	27,247	36,350		63,597		63,597
Depreciation, amortization and depletion	73,579	103,479		177,058	(1,887)(3b.)	175,171
Exploration	12,293	5,576		17,869		17,869
Total operating costs and expenses	581,572	671,880	(2,545)	1,250,907	(1,698)	1,249,209
Operating income	216,834	109,717	(817)	325,734	1,698	327,432
Interest income	3,363	1,835		5,198		5,198
Other (expense) income, net	(133)	(4,041)		(4,174)		(4,174)
Interest expense	(13,165)	(104,125)		(117,290)		(117,290)
Earnings (loss) before income taxes and minority interest	206,899	3,386	(817)	209,468	1,698	211,166
Provision (benefit) for taxes on income	84,969	35,469	(309) (2e.)	120,129	642 (3d.)	120,771
Minority interest of investment shares	1,158	3,104		4,262	(3,104)(3b.)	1,158
Income (loss) from continuing operations	\$ 120,772	(35,187)	(508)	85,077	4,160	\$ 89,237
Pro forma per common share amount						\$ 0.61
Pro forma weighted average common shares outstanding						147,224,415

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**UNAUDITED PRO FORMA COMBINED CONDENSED  
STATEMENT OF EARNINGS**

**Stated in Thousands of U.S. Dollars, except per share data**

**For the year ended December 31, 2002**

	Southern Peru Copper Corporation	Minera Mexico S.A de C.V.	Pro Forma Combined
Net sales:			
Stockholders and affiliates	\$ 9,137		\$ 9,137
Others	655,513	723,760	1,379,273
	<hr/>	<hr/>	<hr/>
Total net sales	664,650	723,760	1,388,410
	<hr/>	<hr/>	<hr/>
Operating costs and expenses:			
Costs of sales (exclusive of depreciation, amortization and depletion and exploration separately shown below)	442,477	518,713	961,190
Administrative	27,574	41,777	69,351
Depreciation, amortization and depletion	67,840	89,768	157,608
Exploration	7,766	5,579	13,345
	<hr/>	<hr/>	<hr/>
Total operating costs and expenses	545,657	655,837	1,201,494
	<hr/>	<hr/>	<hr/>
Operating income	118,993	67,923	186,916
	<hr/>	<hr/>	<hr/>
Interest income	2,796	1,301	4,097
Other (expense) income, net	(9,840)	5,632	(4,208)
Interest expense	(14,415)	(107,112)	(121,527)
	<hr/>	<hr/>	<hr/>
Earnings (loss) before income taxes and minority interest	97,534	(32,256)	65,278
	<hr/>	<hr/>	<hr/>
Provision (benefit) for taxes on income	36,122	(124,618)	(88,496)
Minority interest of investment shares	857	7,988	8,845
	<hr/>	<hr/>	<hr/>
Income (loss) from continuing operations	\$ 60,555	84,374	\$ 144,929
	<hr/>	<hr/>	<hr/>
Pro forma per common share amount			\$ .98
			<hr/>
Pro forma weighted average common shares outstanding			147,216,640
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**UNAUDITED PRO FORMA COMBINED CONDENSED  
STATEMENT OF EARNINGS**

**Stated in Thousands of U.S. Dollars, except per share data**

**For the year ended December 31, 2001**

	Southern Peru Copper Corporation	Minera Mexico S.A de C.V.	Pro Forma Combined
Net sales:			
Stockholders and affiliates	\$ 29,968		\$ 29,968
Others	627,553	902,507	1,530,060
Total net sales	657,521	902,507	1,560,028
Operating costs and expenses:			
Costs of sales (exclusive of depreciation, amortization and depletion and exploration separately shown below)	452,648	780,116	1,232,764
Administrative	30,904	39,270	70,174
Depreciation, amortization and depletion	76,285	89,616	165,901
Exploration	8,461	7,478	15,939
Total operating costs and expenses	568,298	916,480	1,484,778
Operating income (loss)	89,223	(13,973)	75,250
Interest income	16,875	6,319	23,194
Other income (expense), net	1,647	(2,082)	(435)
Interest expense	(39,323)	(122,318)	(161,641)
Earnings (loss) before income taxes and minority interest	68,422	(132,054)	(63,632)
Provision (benefit) for taxes on income	21,175	25,767	46,942
Minority interest of investment shares	696	(3,515)	(2,819)
Income (loss) from continuing operations	\$ 46,551	(154,306)	\$ (107,755)
Pro forma per common share amount			\$ (.73)
Pro forma weighted average common shares outstanding			147,211,640

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## UNAUDITED PRO FORMA COMBINED CONDENSED

## BALANCE SHEET

Stated in Thousands of U.S. Dollars

As of September 30, 2004

	Pro Forma					
	Southern Peru Copper Corporation	Minera Mexico S.A de C.V.	Merger adjustments(1)	Sub total	Other non-merger adjustments	Combined
ASSETS						
Current Assets:						
Cash and cash equivalents	418,617	45,805		464,422	(106,859)(3a,3c.)	357,563
Accounts receivable, net	179,550	96,347		275,897		275,897
Inventories	106,998	269,266		376,264		376,264
Others current assets	19,848	47,765		67,613		67,613
Total current assets	725,013	459,183		1,184,196	(106,859)	1,077,337
Net property	1,175,026	1,889,973		3,064,999	(29,086)(3b.)	3,035,913
Capitalized mine stripping, net	234,164	78,316		312,480	(600)(3b.)	311,880
Leachable material, net		121,543		121,543	(2,091)(3b.)	119,452
Intangible assets	106,940	17,041		123,981		123,981
Others assets	15,673	24,375		40,048		40,048
Total assets	2,256,816	2,590,431		4,847,247	(138,636)	4,708,611
LIABILITIES						
Current liabilities:						
Current portion of long term debt	26,504	87,280		113,784	(87,280)(3c.)	26,504
Accounts payable	59,458	63,664		123,122	51,532 (3b.)	174,654
Accrued liabilities	220,767	231,800	8,700 (2b.) (2,871)(2b.) (870)(2b.)	457,526	(2,263)(3c.)	455,263
Total current liabilities	306,729	382,744	4,959	694,432	(38,011)	656,421
Due to affiliates		49,228		49,228		49,228
Long term debt and due to affiliates	267,539	952,637		1,220,176	87,280 (3c.)	1,307,456
Deferred income tax	116,890	107,039		223,929		223,929
Other liabilities	20,545			20,545		20,545
Asset retirement obligation	5,549	32,714		38,263		38,263
Total non-current liabilities	410,523	1,141,618		1,552,141	87,280	1,639,421
MINORITY INTEREST	9,808	83,309		93,117	(83,309)(3b.)	9,808
STOCKHOLDERS' EQUITY						
Common stock	873	431,536	672 (1) (431,536)(1)	1,545		1,545
Treasury stock	(4,672)	(73,240)	73,240 (1)	(4,672)		(4,672)
Additional paid-in capital	265,745	104,553	(624,464)(1) 3,118,672 (1) (2,136,584)(1) (4,959)(2c.)	727,922		727,922
Retained earnings	1,267,810	519,911		1,782,762	(104,596)(3a.,3c.)	1,678,166
Total stockholders equity	1,529,756	982,760	(4,959)	2,507,557	(104,596)	2,402,961
Total liabilities, minority interest and stockholders equity	2,256,816	2,590,431		4,847,247	(138,636)	4,708,611



## NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

### *General:*

The following unaudited pro forma combined condensed financial information is based on our historical consolidated financial statements as well as those of Minera México both of which are incorporated by reference in this proxy statement. The pro forma information gives effect to the merger described elsewhere in this proxy statement as well as other relevant events which have occurred subsequent to September 30, 2004 and which are not reflected in the historical financial statements of Minera México. The merger will occur after our stockholders have voted on the matters described in this proxy statement and consequently, our historical statements of earnings for the nine-month period ended September 30, 2004 and each of three years ended December 31, 2003 which are incorporated by reference do not reflect the results of this merger or other relevant events disclosed herein.

Since the merger will be accounted for as a reorganization of entities under common control and the resulting historical carryover basis combined financial information has not yet been reflected in our historical financial statements which have been published, the pro forma unaudited combined condensed statements of earnings are being presented for all periods for which our historical statements of earnings are required, except for the nine-month period ended September 30, 2003. Such statements of earnings reflect the merger as if it had occurred on January 1, 2001. All other pro forma adjustments not directly related to the merger have been prepared as if they had occurred on January 1, 2003 and January 1, 2004 in the accompanying unaudited combined condensed statements of earnings for the year ended December 31, 2003 and nine-month period ended September 30, 2004, respectively. The unaudited pro forma combined condensed balance sheet as of September 30, 2004 assumes the merger and other relevant events had occurred on September 30, 2004.

In our opinion all adjustments have been made that are necessary to present fairly the pro forma information. We believe that the pro forma information included herein will be in all material respects the same information reflected in the combined financial statements, which will be presented in future periods subsequent to the consummation of the merger. However, given that the pro forma information is condensed, this presentation may differ from the final audited information, which will be presented in future filings.

The unaudited pro forma combined condensed financial information are presented for informational purposes only and do not purport to be indicative of the results of operations that actually would have been achieved had the merger or other pro forma events been consummated on the date or for the periods indicated and do not purport to be indicative of the results of operations as of any future date or any future period. You should read the unaudited pro forma combined condensed financial information together with the accompanying notes, and our historical financial statements as well as those of Minera México.

All historical and pro forma information has been presented on a U.S. GAAP basis.

### **NOTE 1—ACCOUNTING FOR THE MERGER:**

Pursuant to U.S. GAAP, considering that no minority interest is being acquired as a part of the reorganization and that both SPCC and Minera México are under common control, the transaction is exempt from the purchase method of accounting. Rather, the transfer of Minera México to SPCC will be reflected at the historical carrying value of Minera México's assets and liabilities in a manner similar to a pooling of interest. The difference in the value of the newly issued 67,207,640 shares of SPCC and the net carrying value of Minera México would be recognized in equity. Our October 18, 2004, closing price of 46.41 was used to compute the value of the new issuance of the 67,207,640 shares, which is estimated at \$3,119,106. Based on the new issuance, the excess in the value of the new shares of

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\$2,136,346 over the net carrying value of Minera México of \$982,760 was reflected as a reduction in our additional paid in capital. The adjustment related to the merger costs yet to be incurred was reduced from SPCC's retained earnings as described in adjustment 2(e). In addition, Minera México's historical common stock, treasury stock and additional paid in capital accounts were eliminated and classified within SPCC's additional paid in capital. Minera México's retained earnings were carried forward as reported to be combined with retained earnings of SPCC.

**NOTE 2—CONFORMING ACCOUNTING POLICIES AND BALANCE SHEET AND INCOME STATEMENT CLASSIFICATIONS OF MINERA MÉXICO TO THOSE OF SPCC AND INTERCOMPANY ELIMINATIONS BETWEEN THE TWO COMPANIES:**

- a. **Intercompany Transactions**—During the years ended 2001, 2002 and 2003, Minera México provided various support services to us in exchange for a fee equivalent to \$7,000 per year. The support services arrangement between the two companies terminated effective January 1, 2004. Our pro forma statement of earnings for the years ended December 31, 2001, 2002 and 2003 are not impacted since both companies reflected the transaction in the same statement of earnings line item—"Administrative" expenses. In addition, during 2003, we sold cathodes to Minera México for the equivalent of \$3,362. For the year ended December 31, 2003, this intercompany sale has been eliminated against cost of good sold, amounting to \$2,454 and inventory amounting to \$908. During 2004, we reversed the inventory balance adjustment since Minera México sold the cathodes to third parties.
- b. **Merger related costs**—We estimated that we would expend \$14,500 of expenses in connection with the transaction. This amount includes the fees and expenses of financial advisors, consultants, legal advisors, accountants, printing costs and other expenses including the expenses of the special committee formed to evaluate the transaction.

For the nine-month period ended September 30, 2004, our historical interim statement of earnings reflects \$5,800 of costs incurred through that date. We have included a pro forma adjustment to the balance sheet as of September 30, 2004 to reflect as a liability the remaining \$8,700 expected expenses related to the merger. The pro forma balance sheet as of September 30, 2004 also reflects the corresponding income tax and profit sharing effect at the corresponding statutory income tax rate of 33% and the corresponding profit sharing rate of 10%. The related tax effect and profit sharing of \$2,871 and \$870, respectively was included in "accrued liabilities" balance sheet line item.

- c. **Income tax effect**—Reflects the income tax effects of adjustment 2(a) at the Mexican statutory income tax rates in effect for each of the periods. i.e. 35% for 2001 and 2002, 34% for 2003 and 33% for 2004.
- d. **Employees Profit sharing effect**—Reflects the employees profit sharing effect on adjustment 2(a) at the rate of 10% for all periods presented.
- e. **The retained earnings adjustment** reflects the impact of the pro forma adjustment related to the merger costs to be incurred as described herein (2(b.)).

**NOTE 3—OTHER NON MERGER PROFORMA ADJUSTMENTS**

- a. **Dividend payment**—On October 21, 2004, the controlling shareholder of SPCC agreed to use its best efforts to cause the payment of a special dividend in the aggregate amount of \$100 million to existing shareholders, which will be paid prior to the closing of the merger. The adjustment reflects the decrease in cash and retained earnings as a result of the dividend payment.

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- b. Acquisition of minority interest in Minera México subsidiaries—On October 23, 2004, Minera México reached an agreement with the National Union of Mine, Metallurgical and Similar Workers of the Mexican Republic (the "Union") for the purchase of a 4.2% and 1.5% stock stake owned by the Union in two of its subsidiaries, Mexcobre and Mexcananea, respectively. The stock was purchased by delivery of a note in the amount of \$51,532. The pro forma adjustment reflects the note payable and elimination of minority interest. Minera México's preliminary assessment indicates that the purchase price of the interest acquired will exceed its carrying value by \$31,777 and therefore, such negative goodwill was preliminarily allocated as a pro rata reduction of the qualifying non-current assets. The depreciation expense would be reduced approximately by \$1,887 for the year ended December 31, 2003 and by \$1,416 for the nine-month period ended September 30, 2004.
- c. Minera México borrowed \$600 million pursuant to a new syndicated credit facility with a final maturity date in 2009. The proceeds from the new credit facility were used to repay in full the amounts outstanding under a Common Agreement with holders of Minera México's secured export notes and other financial institutions. As a result at September 30, 2004 we reclassified \$87,280 of our current portion of debt to long-term debt. Additionally, our pro forma balance sheet as of September 30, 2004 reflects the \$6,859 reduction of cash related to the special fee consideration paid as a part of the refinancing. The net effect after tax amount of the special fee totaling \$4,596 was reflected in the equity accounts considering this payment as a one-time charge. The related tax effect of \$2,263 was included in the "accrued liabilities" balance sheet line item. Given the premise that our merger with Minera México will be accounted using historical cost basis we are not reflecting the expected reduction in our interest expense due to our new debt arrangements in our pro forma statements of earnings. The approximate reduction of our interest expense would have been \$29,123 and \$19,483 for the year ended December 31, 2003 and for the nine-month period ended September 30, 2004, respectively.
- d. Income Tax—Reflects the income tax effects of adjustments 3(b) utilizing the statutory tax rates in existence in 2003 and 2004 of 34% and 33% respectively.
- c. Employees Profit sharing effect—Reflects the profit sharing effect on the adjustment 3(b) related to the depreciation reduction of \$1,887 and \$1,416 at the rate of 10% for the period ended December 31, 2003 and the nine-months period ended September 30, 2004.

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**Note 4—HISTORICAL AND PRO FORMA PER SHARE DATA COMPARATIVE PER SHARE DATA**

The following table sets forth (a) the historical net income and book value per share of our capital stock in comparison with the pro forma net income and book value per share after giving effect to the proposed merger with Minera México as reorganization of entities under common control; (b) the historical net income and book value per share of Minera México's common stock in comparison with the equivalent pro forma net income and book value per share attributable to 6.7/100ths of a share of our capital stock which will be received for each share of Minera México; and (c) the actual cash dividends per share compared in the case of Minera México with the equivalent pro forma of 6.7/100ths of the cash dividend paid on each share of our capital stock. The information presented in this table is only a summary and should be read in conjunction with the unaudited pro forma combined condensed financial information and the separate financial statements of the respective companies and the notes thereto appearing or incorporated by reference elsewhere here.

	September 2004	2003	December 2002	2001
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Southern Peru Copper Corporation</b>				
Net income:				
Historical (1)	\$ 4.25	\$ 1.49	\$ 0.76	\$ 0.58
Pro forma (2)	4.25	0.61	0.98	(0.73)
Dividends:				
Historical	1.57	0.57	0.36	0.36
Pro forma (3)	1.57	0.57	0.36	0.36
Book value:				
Historical (4)	19.12	16.44	15.51	15.12
Pro forma (5)	16.32			
<b>Minera México</b>				
Net income:				
Historical (1)	0.36	(0.05)	0.13	(0.23)
Equivalent pro forma (6)	0.28	0.04	0.07	(0.05)
Dividends:				
Historical	0	0	0	0
Equivalent pro forma (7)	0.11	0.04	0.02	0.02
Book value:				
Historical (4)	1.28	0.96	0.97	0.82
Equivalent pro forma (6)	1.09			

(1) Historical net income per share is computed by dividing net income by the weighted average number of shares for each period presented.

(2) Pro forma net income per share is computed by dividing net income by the weighted average number of shares had the merger been consummated on January 1, 2001.

	SPCC historical weighted average number of shares	New issuance of shares	SPCC pro forma weighted average number of shares
Nine-months ended September 30, 2004	80,016,775	67,207,640	147,224,415
Year ended December 31, 2003	80,016,775	67,207,640	147,224,415
Year ended December 31, 2002	80,009,000	67,207,640	147,216,640
Year ended December 31, 2001	80,004,000	67,207,640	147,211,640

- (3) Same as historical.
- (4) Historical book value per share is computed by dividing shareholders equity by the number of common shares outstanding at the end of each period.
- (5) Pro forma book value per share is computed by dividing pro forma shareholders equity by the number of common shares outstanding had the merger been consummated as September 30, 2004.

	SPCC historical outstanding number of shares	New issuance of shares	SPCC pro forma outstanding number of shares
As of September 30, 2004	80,016,775	67,207,640	147,224,415

- (6) Our pro forma amounts are multiplied by 6.7%
- (7) Our historical amounts are multiplied by 6.7%

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**PROFORMA ORE RESERVES****Ore Reserves—Open-Pit Mines***Peru:*

		Mineral Reserves	Average Copper
		12/31/03	Content
			12/31/03
		(000s Tons)	(%)
Toquepala	Sulfide	619,638	0.74
	Leachable	1,732,229	0.18
Cuajone	Sulfide	1,123,264	0.64
	Leachable	58,552	0.41

*Mexico:*

**Mexcobre Unit**  
**(estimated as of January 1, 2004)**

	Ore	Copper	Molybdenum
		(Average grade percentage, unless otherwise indicated)	(Average grade percentage, unless otherwise indicated)
	(Thousands of metric tons)		
Mill ore:			
Proven	638,222	0.42	0.024
Probable	36,910	0.38	0.020
Total	675,132	0.42	0.024
Total mill recovery	—	82.59%	40.92%
Total metal recoverable (thousands of metric tons)	—	2,330	66
Leach ore:			
Proven	554,697	0.24	—
Probable	45,089	0.24	—
Total	599,786	0.24	—
Total leaching recovery	—	29.88%	—
Total metal recoverable (thousands of metric tons)	—	430	—

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**Cananea Unit**  
(estimated as of January 1, 2004)

	Ore	Copper
	(Thousands of metric tons)	(Average grade percentage, unless otherwise indicated)
Mill ore:		
Proven	1,763,350	0.59
Probable	523,715	0.54
Total	2,287,065	0.58
Total mill recovery	—	81.00%
Total metal recoverable (thousands of metric tons)	—	10,718
Leach ore:		
Proven	2,518,868	0.25
Probable	468,933	0.22
Total	2,987,801	0.25
Total leaching recovery	—	50.00%
Total metal recoverable (thousands of metric tons)	—	3,664

**Mexico:**

**Ore Reserves—Underground Mines (\*)**

**Immsa Unit**  
(estimated as of January 1, 2004)

Mine Unit	Ore	Zinc	Copper	Lead	Silver	Gold
	(Thousands of metric tons)	(Average grade percentage, unless otherwise indicated)	(Average grade percentage, unless otherwise indicated)	(Average grade percentage, unless otherwise indicated)	(Grams per metric ton, unless otherwise indicated)	(Grams per metric ton, unless otherwise indicated)
<i>Charcas</i>						
Proven	3,995	5.79	0.28	0.24	70	—
Probable	5,064	5.93	0.26	0.28	64	—
Total	9,059	5.86	0.27	0.26	67	—
Total mill recovery	—	93.25%	49.36%	72.39%	76.10%	—%
Total metal recoverable (metric tons)	—	495,004	12,072	17,049	461.87	—
<i>Santa Bárbara</i>						
Proven	9,660	3.30	0.51	1.94	109	0.45
Probable	10,370	3.22	0.57	1.56	119	0.30
Total	20,030	3.26	0.54	1.74	114	0.37
Total mill recovery	—	85.00%	74.02%	87.88%	83.97%	43.77%
Total metal recoverable (metric tons)	—	555,035	80,062	306,283	1,917.40	3.24
<i>San Martin</i>						
Proven	4,309	3.34	1.05	0.33	102	—
Probable	6,765	2.99	1.04	0.46	135	—
Total	11,074	3.13	1.04	0.41	122	—
Total mill recovery	—	68.00%	84.01%	81.99%	79.05%	—%
Total metal recoverable (metric tons)	—	235,696	96,752	37,226	1,067.97	—



<i>Velardeña</i>						
Proven	35	7.31	0.03	1.41	61	—
Probable	492	8.17	0.10	1.31	72	—
Total	527	8.11	0.10	1.32	71	—
Total mill recovery	—	69.48%	62.53%	74.31%	62.48%	—%
Total metal recoverable (metric tons)	—	29,657	329	5,163	23.35	—
<i>Santa Eulalia</i>						
Proven	526	8.39	0.09	2.12	107	—
Probable	1,288	7.20	0.19	1.78	103	—
Total	1,814	7.55	0.16	1.88	104	—
Total mill recovery	—	86.00%	30.13%	83.00%	78.00%	—%
Total metal recoverable (metric tons)	—	117,795	874	28,308	147.17	—
<i>Rosario</i>						
Proven	14	5.75	0.68	2.64	60	1.65
Probable	307	3.23	0.21	2.19	121	0.91
Total	321	3.34	0.23	2.21	118	0.94
Total mill recovery	—	69.68%	65.63%	77.77%	67.24%	64.55%
Total metal recoverable (metric tons)	—	7,464	484	5,512	25.45	0.19
<i>Taxco</i>						
Proven	338	4.54	—	2.44	188	—
Probable	1,435	5.12	—	2.00	131	—
Total	1,773	5.01	—	2.08	142	—
Total mill recovery	—	82.00%	—%	82.00%	78.31%	—%
Total metal recoverable (metric tons)	—	72,854	—	30,246	197.20	—
<i>Immsa Unit total</i>						
Proven	18,877	4.01	0.56	1.22	100	0.23
Probable	25,721	4.09	0.57	1.06	111	0.13
Total	44,598	4.06	0.57	1.13	106	0.17
Total mill recovery	—	83.58%	74.96%	85.28%	81.24%	45.24%
Total metal recoverable (metric tons)	—	1,513,505	190,573	429,787	3,840.41	3.43

The above reserve estimates take into account estimated dilution (extracting loss) by applying to mine ore grades a factor derived from historical mine-to-concentrator grade differences.

(\*) Southern Peru Copper Corporation does not have underground mines

PROXY

PROXY

**SOUTHERN PERU COPPER CORPORATION**  
2575 East Camelback Road, Suite 500, Phoenix, Arizona 85016

**Proxy Solicited by the Board of Directors for a Special Meeting of Stockholders to be held on March 28, 2005**

The undersigned hereby appoints Osear Gonzalez Rocha, Jaime Fernando Collazo González and Armando Ortega Gómez, and each of them, with power of substitution, the proxies of the undersigned to vote all of the shares that the undersigned may be entitled to vote at the special meeting of stockholders of Southern Peru Copper Corporation, to be held at the offices of Grupo México, S.A. de C.V., Baja California 200, Fifth Floor, Colonia Roma Sur, 06760 Mexico City, Mexico, on March 28, 2005, at 10 A.M., Mexico City time, and at any adjournment thereof, upon all matters specified in the notice of said meeting as set forth on the reverse side hereof, and upon such other business as may lawfully come before the meeting.

**The shares represented by this proxy will be voted as directed by the stockholder. If a signed proxy is returned to the Company with no voting instructions given, such shares will be voted *FOR* Proposals 1, 2 and 3.**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD  
PROMPTLY USING THE ENCLOSED ENVELOPE.**

*(Continued and to be signed on reverse side.)*

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## SOUTHERN PERU COPPER CORPORATION

PLEASE MARK VOTE IN OVAL IN THE FOLLOWING MANNER USING BLACK OR BLUE INK ONLY. [ • ]

Directors of SPCC recommend a vote "FOR" Proposals 1, 2 and 3.

- |  | For<br>• • | Against<br>• • | Abstain<br>• • |   |
|--|------------|----------------|----------------|---|
| 1. <b>Amendment of the Restated Certificate of Incorporation to increase the number of authorized shares of capital stock and to designate such newly-authorized shares as shares of Common Stock.</b> |            |                |                | <b>The undersigned hereby revokes any Proxy heretofore given to vote said shares and hereby ratifies all that said Proxy holders may do at the Special Meeting or at any adjournment or postponement thereof.</b> |
|  | For        | Against        | Abstain        |   |
| 2. <b>Issuance of 67,207,640 newly-authorized shares of Common Stock in the merger.</b>  | • •        | • •            | • •            | <b>Receipt of Notice of the Meeting and of the Proxy Statement is hereby acknowledged.</b>  |
|  | For        | Against        | Abstain        |   |
| 3. <b>Amendment of the Restated Certificate of Incorporation to change the composition and responsibilities of certain committees of the board of directors.</b>                                       | • •        | • •            | • •            |   |
| 4. <b>In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting.</b>   |            |                |                | Date: _____, 200_   |

If you have an Address Change, mark here and provide the new address on the reverse side of this card. • •

If you have any Comments on the reverse side of this card, mark here. • •

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SIGNATURE OF STOCKHOLDER(S) should conform to the name(s) stenciled hereon. If more than one name appears, all must sign.  
\_\_\_\_\_

FOLD AND DETACH HERE

YOUR VOTE IS IMPORTANT.

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**SOUTHERN STOCK PRICE 1/1/2003-12/31/2005<sup>1</sup>**

<b><u>DATE</u></b>	<b><u>HIGH</u></b>	<b><u>LOW</u></b>	<b><u>CLOSE</u></b>	<b><u>VOLUME</u></b>	<b><u>ADJ. CLOSE</u></b>
12/30/2005	67.24	66.05	\$66.98	2,545,800	\$7.80
12/29/2005	67.7	66.06	\$67.38	3,779,400	\$7.85
12/28/2005	68.52	67.8	\$67.99	1,795,800	\$7.92
12/27/2005	68.8	66.98	\$67.83	3,385,200	\$7.90
12/23/2005	69.03	67.28	\$68.05	3,522,000	\$7.93
12/22/2005	68.18	65.28	\$68.18	5,313,000	\$7.94
12/21/2005	68.7	66.3	\$67.95	4,843,200	\$7.92
12/20/2005	67.96	65.2	\$66.55	7,597,800	\$7.75
12/19/2005	70.74	67.2	\$67.32	6,132,000	\$7.84
12/16/2005	70.15	68.5	\$68.87	4,489,200	\$8.02
12/15/2005	70.2	68.14	\$68.92	4,537,800	\$8.03
12/14/2005	70.95	67.2	\$67.89	8,190,000	\$7.91
12/13/2005	71.1	68.6	\$70.60	3,844,200	\$8.22
12/12/2005	69.97	68.22	\$68.73	3,421,800	\$8.01
12/9/2005	70.45	68.7	\$69.25	4,171,200	\$8.07
12/8/2005	70.22	67.27	\$69.86	5,593,800	\$8.14
12/7/2005	70.96	68.19	\$68.45	6,501,600	\$7.97
12/6/2005	69.95	68.55	\$69.30	8,084,400	\$8.07
12/5/2005	70.25	68.15	\$69.32	8,992,200	\$8.08
12/2/2005	68	66.22	\$67.11	6,756,000	\$7.82
12/1/2005	67.65	64.37	\$67.20	6,935,400	\$7.83
11/30/2005	63.95	61.94	\$63.61	3,617,400	\$7.41
11/29/2005	62.92	61.33	\$62.63	3,907,200	\$7.30
11/28/2005	62.92	60.58	\$60.90	3,986,400	\$7.09
11/25/2005	62.48	60.32	\$62.40	1,749,600	\$7.27
11/23/2005	61.72	60.2	\$60.61	3,155,400	\$7.06
11/22/2005	61.27	60	\$61.05	3,891,600	\$7.11
11/21/2005	61.76	60.25	\$61.25	4,297,800	\$7.14
11/18/2005	62.79	60	\$61.76	5,511,000	\$7.19
11/17/2005	61.99	59.7	\$61.82	5,952,000	\$7.20
11/16/2005	59.95	57.47	\$59.88	4,428,600	\$6.98
11/15/2005	59.59	57.7	\$58.47	5,939,400	\$6.81
11/14/2005	59.78	58.17	\$58.44	4,487,400	\$6.81
11/11/2005	58.5	56.79	\$58.49	5,848,800	\$6.81
11/10/2005	56.57	55.14	\$56.31	4,231,800	\$6.56
11/9/2005	55.7	54	\$55.05	3,481,200	\$6.41
11/8/2005	55.4	53.8	\$54.26	5,010,600	\$6.32
11/7/2005	57.5	56.23	\$56.94	4,918,200	\$6.43
11/4/2005	58.44	56.02	\$56.95	5,805,600	\$6.44
11/3/2005	58.61	57.55	\$58.14	6,412,200	\$6.57
11/2/2005	57.75	55.2	\$57.30	5,166,000	\$6.48

<sup>1</sup> YAHOO! FINANCE, <http://finance.yahoo.com/q/hp?s=SCCO+Historical+Prices> (last visited June 13, 2011).

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
11/1/2005	55.85	54.5	\$54.75	5,749,800	\$6.19
10/31/2005	56.49	54.9	\$55.14	4,942,800	\$6.23
10/28/2005	56.3	54.51	\$55.22	5,082,000	\$6.24
10/27/2005	56.08	54.67	\$56.00	7,125,000	\$6.33
10/26/2005	56.63	55.44	\$55.82	7,129,800	\$6.31
10/25/2005	54.95	53.46	\$53.90	3,171,600	\$6.09
10/24/2005	53.74	51.4	\$53.71	4,329,600	\$6.07
10/21/2005	51.55	49.6	\$51.19	4,800,600	\$5.79
10/20/2005	53.2	50	\$50.20	4,776,000	\$5.67
10/19/2005	51.95	49.58	\$51.86	4,922,400	\$5.86
10/18/2005	53.45	50.9	\$51.63	3,760,200	\$5.83
10/17/2005	53.59	52.12	\$53.11	4,288,200	\$6.00
10/14/2005	52.5	50.39	\$51.74	4,059,000	\$5.85
10/13/2005	52.69	50.01	\$51.80	6,657,600	\$5.85
10/12/2005	55.69	52.63	\$52.83	7,919,400	\$5.97
10/11/2005	56	54.5	\$55.83	4,397,400	\$6.31
10/10/2005	56.67	53.86	\$54.27	3,512,400	\$6.13
10/7/2005	55.4	53.31	\$55.05	4,715,400	\$6.22
10/6/2005	55.75	52.55	\$53.21	6,949,200	\$6.01
10/5/2005	58.11	55.15	\$56.02	9,884,400	\$6.33
10/4/2005	61.1	57.57	\$58.92	17,181,000	\$6.66
10/3/2005	56.06	54.67	\$55.74	3,412,800	\$6.30
9/30/2005	56.7	55.36	\$55.96	3,615,600	\$6.32
9/29/2005	56.16	53.75	\$55.88	5,622,000	\$6.32
9/28/2005	54.85	53.41	\$54.83	7,168,200	\$6.20
9/27/2005	53.51	52.36	\$52.95	4,188,000	\$5.98
9/26/2005	53.33	51.35	\$53.09	7,001,400	\$6.00
9/23/2005	51.15	49.8	\$50.92	4,614,600	\$5.75
9/22/2005	51.16	49.51	\$50.01	2,057,400	\$5.65
9/21/2005	51.2	49.5	\$50.64	2,775,600	\$5.72
9/20/2005	51.75	49.28	\$49.40	5,058,600	\$5.58
9/19/2005	51.5	48.9	\$50.51	5,655,600	\$5.71
9/16/2005	48.77	47.99	\$48.71	4,159,800	\$5.50
9/15/2005	48.85	47.91	\$48.07	2,194,800	\$5.43
9/14/2005	48.39	47.2	\$48.28	3,815,400	\$5.46
9/13/2005	49	47.7	\$47.85	3,216,000	\$5.41
9/12/2005	49.65	48.61	\$49.10	3,807,600	\$5.55
9/9/2005	49.22	48.36	\$48.90	3,172,200	\$5.53
9/8/2005	49.41	48.3	\$48.80	2,299,200	\$5.52
9/7/2005	49.9	48.68	\$48.91	3,462,000	\$5.53
9/6/2005	50.23	49	\$49.61	3,058,200	\$5.61
9/2/2005	50.84	49.82	\$50.20	2,646,000	\$5.67
9/1/2005	50.18	49.35	\$49.87	3,666,600	\$5.64
8/31/2005	49.1	48.06	\$48.98	3,417,600	\$5.54
8/30/2005	49.25	47.85	\$48.31	3,799,800	\$5.46

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
8/29/2005	49.49	47.75	\$49.25	2,806,200	\$5.57
8/26/2005	49.25	47.73	\$48.14	3,225,600	\$5.44
8/25/2005	48.64	47.3	\$48.40	2,323,200	\$5.47
8/24/2005	48.84	47.15	\$47.44	6,162,600	\$5.36
8/23/2005	50.69	48.34	\$49.32	5,288,400	\$5.57
8/22/2005	51.65	50	\$50.41	4,231,800	\$5.70
8/19/2005	50.8	49.88	\$49.88	1,764,000	\$5.64
8/18/2005	50.35	49.66	\$49.72	4,715,400	\$5.62
8/17/2005	52.16	50.2	\$50.53	5,470,200	\$5.71
8/16/2005	54.45	52.15	\$52.23	4,108,200	\$5.90
8/15/2005	54.53	53.32	\$54.25	3,279,600	\$6.13
8/12/2005	54.9	52.76	\$53.02	5,347,200	\$5.99
8/11/2005	54.79	53.5	\$54.24	5,349,600	\$6.13
8/10/2005	53.4	50.26	\$52.58	8,003,400	\$5.94
8/9/2005	51.49	49.77	\$50.34	3,298,800	\$5.69
8/8/2005	51.98	50.67	\$51.36	3,750,600	\$5.80
8/5/2005	51.64	50.2	\$50.41	4,177,800	\$5.70
8/4/2005	53.24	49.59	\$50.94	5,614,800	\$5.76
8/3/2005	52.91	50.7	\$51.00	7,154,400	\$5.76
8/2/2005	54.17	52.3	\$53.86	6,219,000	\$5.97
8/1/2005	52.96	51.41	\$52.52	4,395,600	\$5.82
7/29/2005	52.25	51.02	\$51.20	3,216,000	\$5.67
7/28/2005	51.85	49.91	\$51.80	5,019,000	\$5.74
7/27/2005	51.18	49.5	\$51.05	4,132,200	\$5.66
7/26/2005	50.77	49.4	\$50.18	3,672,600	\$5.56
7/25/2005	51.49	49.65	\$49.95	4,947,000	\$5.54
7/22/2005	50.75	49.39	\$50.49	4,795,200	\$5.60
7/21/2005	50.2	48.45	\$49.39	4,477,800	\$5.47
7/20/2005	49.43	48.02	\$49.43	7,680,000	\$5.48
7/19/2005	48.25	46.7	\$47.80	10,503,600	\$5.30
7/18/2005	47.94	46.87	\$47.74	3,100,800	\$5.29
7/15/2005	47.37	46.45	\$47.14	2,837,400	\$5.22
7/14/2005	47.4	46.4	\$47.02	6,676,800	\$5.21
7/13/2005	47.08	46.25	\$46.59	2,625,000	\$5.16
7/12/2005	46.8	46.2	\$46.72	4,793,400	\$5.18
7/11/2005	46.88	45.71	\$46.53	5,674,800	\$5.16
7/8/2005	45.89	44.95	\$45.89	6,050,400	\$5.09
7/7/2005	44.87	43.53	\$44.86	4,263,600	\$4.97
7/6/2005	44.6	43.37	\$44.20	5,606,400	\$4.90
7/5/2005	43.47	42.89	\$43.35	3,553,200	\$4.80
7/1/2005	43.26	42.08	\$42.88	3,913,800	\$4.75
6/30/2005	43.89	42.65	\$42.84	4,396,800	\$4.75
6/29/2005	43.66	43.02	\$43.54	4,651,200	\$4.83
6/28/2005	43.44	42.4	\$43.18	4,777,800	\$4.79
6/27/2005	42.94	42	\$42.20	4,208,400	\$4.68



<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
6/24/2005	42.8	41.77	\$42.30	7,648,200	\$4.69
6/23/2005	43.47	41.35	\$41.63	13,428,000	\$4.61
6/22/2005	44.22	43.36	\$43.53	6,682,200	\$4.82
6/21/2005	45.01	44	\$44.21	4,575,600	\$4.90
6/20/2005	46	44.53	\$45.05	6,461,400	\$4.99
6/17/2005	46.63	45.65	\$46.00	10,775,400	\$5.10
6/16/2005	46.27	45.01	\$45.88	14,691,000	\$5.08
6/15/2005	44.98	43.64	\$44.90	12,837,600	\$4.98
6/14/2005	44.1	43.08	\$43.34	5,263,800	\$4.80
6/13/2005	44.21	43.07	\$44.00	9,401,400	\$4.88
6/10/2005	44.23	42.5	\$43.58	42,754,200	\$4.83
6/9/2005	44.5	42.63	\$43.40	9,735,000	\$4.81
6/8/2005	47.1	44.77	\$45.02	4,909,200	\$4.99
6/7/2005	47.7	46.76	\$46.84	4,524,600	\$5.19
6/6/2005	50.38	46.78	\$47.65	3,538,800	\$5.28
6/3/2005	49.37	47.66	\$49.25	2,862,000	\$5.46
6/2/2005	47.86	46.55	\$47.58	2,919,000	\$5.27
6/1/2005	47.02	46.12	\$46.62	2,202,000	\$5.17
5/31/2005	46.95	45.5	\$46.46	2,586,600	\$5.15
5/27/2005	46.5	45.72	\$46.24	1,709,400	\$5.12
5/26/2005	45.9	44.87	\$45.53	1,918,800	\$5.05
5/25/2005	45.5	43.65	\$45.36	2,134,800	\$5.03
5/24/2005	45.67	44.1	\$44.26	2,821,800	\$4.91
5/23/2005	46.57	45.25	\$45.45	2,973,600	\$5.04
5/20/2005	46.35	44.95	\$46.35	2,049,000	\$5.14
5/19/2005	46.88	45.11	\$45.34	2,410,200	\$5.02
5/18/2005	47.73	46.3	\$46.59	2,498,400	\$5.16
5/17/2005	46.7	44.45	\$46.29	2,203,200	\$5.13
5/16/2005	44.74	42.98	\$44.55	2,960,400	\$4.94
5/13/2005	47.76	43.5	\$44.54	3,790,200	\$4.94
5/12/2005	48.85	45.62	\$46.85	5,070,000	\$5.19
5/11/2005	51.25	48.65	\$49.55	2,580,600	\$5.49
5/10/2005	52.69	51.19	\$51.26	1,332,000	\$5.68
5/9/2005	53.01	52	\$52.49	868,800	\$5.82
5/6/2005	53.65	52.27	\$52.70	1,288,800	\$5.84
5/5/2005	53.4	51.97	\$53.13	1,297,200	\$5.89
5/4/2005	52.02	50.5	\$51.80	2,092,800	\$5.74
5/3/2005	52	51	\$51.18	1,390,800	\$5.67
5/2/2005	52.44	50	\$51.15	2,464,800	\$5.67
4/29/2005	52.5	49.75	\$51.14	2,602,800	\$5.67
4/28/2005	53.05	50.62	\$51.26	1,977,000	\$5.68
4/27/2005	56.47	52.1	\$52.96	4,930,800	\$5.87
4/26/2005	59.4	57.76	\$58.60	9,472,200	\$6.23
4/25/2005	57.85	56.5	\$57.51	1,918,200	\$6.11
4/22/2005	59	55.74	\$56.22	2,989,800	\$5.98

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
4/21/2005	57.98	56.05	\$57.72	2,205,000	\$6.14
4/20/2005	60.5	56.55	\$56.61	1,887,000	\$6.02
4/19/2005	59.64	56.54	\$59.20	3,247,800	\$6.29
4/18/2005	55.5	52.01	\$55.01	2,438,400	\$5.85
4/15/2005	53	50.2	\$52.68	3,606,600	\$5.60
4/14/2005	55.5	52.34	\$53.00	3,234,600	\$5.64
4/13/2005	55.95	54.78	\$55.09	2,148,600	\$5.86
4/12/2005	56.13	53.77	\$55.06	1,420,800	\$5.85
4/11/2005	56	55.12	\$55.80	1,090,200	\$5.93
4/8/2005	56.68	54.59	\$55.03	1,723,800	\$5.85
4/7/2005	56.99	54.72	\$56.43	1,773,600	\$6.00
4/6/2005	56	54.07	\$54.77	1,303,800	\$5.82
4/5/2005	56.39	54.51	\$55.16	1,015,200	\$5.87
4/4/2005	55.94	53.3	\$54.61	1,245,000	\$5.81
4/1/2005	56.79	55	\$55.89	1,710,000	\$5.94
3/31/2005	56.4	54.95	\$55.46	1,746,000	\$5.90
3/30/2005	54.45	51.51	\$53.97	3,101,400	\$5.74
3/29/2005	55.49	51.82	\$52.50	2,963,400	\$5.58
3/28/2005	55.75	53.72	\$53.82	2,475,600	\$5.72
3/24/2005	56.85	55.51	\$55.60	1,073,400	\$5.91
3/23/2005	58.38	55.3	\$55.90	2,493,600	\$5.94
3/22/2005	59.49	57.95	\$58.18	1,902,000	\$6.19
3/21/2005	59.5	56.5	\$58.17	2,426,400	\$6.19
3/18/2005	61.99	59	\$59.90	1,650,600	\$6.37
3/17/2005	62.1	60.3	\$61.22	3,957,000	\$6.51
3/16/2005	61.75	59.16	\$60.28	4,152,600	\$6.41
3/15/2005	62.26	59.13	\$60.30	2,163,600	\$6.41
3/14/2005	59.12	57.5	\$57.85	1,223,400	\$6.15
3/11/2005	60.4	58.5	\$59.27	1,449,600	\$6.30
3/10/2005	60.76	57.51	\$57.79	3,194,400	\$6.14
3/9/2005	62.78	59.6	\$60.76	3,882,000	\$6.46
3/8/2005	64.46	61.15	\$61.57	2,716,200	\$6.55
3/7/2005	65.5	62.6	\$62.80	2,746,200	\$6.68
3/4/2005	66.5	61.53	\$64.20	4,821,600	\$6.83
3/3/2005	60.2	56.59	\$59.91	3,948,600	\$6.37
3/2/2005	60.28	57.55	\$57.66	6,250,200	\$6.13
3/1/2005	64.75	59.89	\$61.28	5,765,400	\$6.52
2/28/2005	66	60.55	\$62.91	4,735,800	\$6.69
2/25/2005	59.74	57.04	\$59.47	3,619,800	\$6.32
2/24/2005	60	56.52	\$57.30	4,971,000	\$6.09
2/23/2005	57.7	54.51	\$57.60	2,787,000	\$6.12
2/22/2005	55.65	53.57	\$54.27	3,814,800	\$5.77
2/18/2005	52.98	50.81	\$52.98	2,398,800	\$5.63
2/17/2005	52.3	50.53	\$50.75	3,182,400	\$5.40
2/16/2005	50.75	49.4	\$50.27	2,463,600	\$5.35

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
2/15/2005	50	48.72	\$48.83	1,871,400	\$5.19
2/14/2005	50.5	49.05	\$49.96	3,111,600	\$5.18
2/11/2005	48.88	47.6	\$48.45	1,462,200	\$5.02
2/10/2005	47.86	46.28	\$47.86	1,296,600	\$4.96
2/9/2005	47.34	46.25	\$46.25	962,400	\$4.79
2/8/2005	47.74	46.8	\$47.12	1,284,600	\$4.88
2/7/2005	47.96	47.02	\$47.46	1,246,200	\$4.92
2/4/2005	48.6	47	\$47.50	2,346,600	\$4.92
2/3/2005	48.24	43.94	\$47.60	1,936,200	\$4.93
2/2/2005	48.21	47.4	\$48.15	2,341,800	\$4.99
2/1/2005	47.67	46.75	\$47.36	1,511,400	\$4.91
1/31/2005	47.33	45.6	\$47.09	1,863,000	\$4.88
1/28/2005	45.98	45.3	\$45.67	1,144,800	\$4.73
1/27/2005	45.95	44.92	\$45.87	1,222,200	\$4.76
1/26/2005	46	45.12	\$45.60	1,258,800	\$4.73
1/25/2005	45.75	44.21	\$45.18	2,392,800	\$4.68
1/24/2005	45.75	44.5	\$44.51	828,600	\$4.61
1/21/2005	45.98	44.15	\$45.00	2,161,200	\$4.67
1/20/2005	44.94	44.15	\$44.26	1,359,600	\$4.59
1/19/2005	45.5	44.71	\$45.14	1,437,600	\$4.68
1/18/2005	45.1	43.61	\$44.89	1,311,000	\$4.65
1/14/2005	44.69	44	\$44.30	1,152,600	\$4.59
1/13/2005	44.48	42.77	\$43.86	1,935,000	\$4.55
1/12/2005	43.66	42.4	\$43.17	1,819,200	\$4.48
1/11/2005	43.5	42.76	\$43.35	1,656,600	\$4.49
1/10/2005	44.73	43.17	\$43.30	1,985,400	\$4.49
1/7/2005	44.69	43.15	\$44.20	2,114,400	\$4.58
1/6/2005	43.75	42.66	\$43.24	2,555,400	\$4.48
1/5/2005	44.5	42.95	\$43.18	3,685,800	\$4.48
1/4/2005	46.1	43.25	\$43.79	2,194,200	\$4.54
1/3/2005	47.46	45.95	\$46.20	1,363,800	\$4.79
12/31/2004	47.67	47.21	\$47.21	557,400	\$4.89
12/30/2004	47.34	46.65	\$46.95	2,788,800	\$4.87
12/29/2004	47.74	47	\$47.59	603,000	\$4.93
12/28/2004	47.64	46.85	\$47.41	994,800	\$4.91
12/27/2004	47.5	46.44	\$46.71	787,200	\$4.84
12/23/2004	46.83	46.38	\$46.72	1,176,600	\$4.84
12/22/2004	47.49	45.81	\$46.57	1,599,600	\$4.83
12/21/2004	47.43	46.64	\$47.01	2,332,200	\$4.87
12/20/2004	47.15	46.3	\$46.45	1,848,600	\$4.82
12/17/2004	46.75	45.55	\$46.49	1,648,200	\$4.82
12/16/2004	46.01	45.1	\$45.97	1,506,600	\$4.77
12/15/2004	45.89	44.85	\$45.89	1,561,200	\$4.76
12/14/2004	45.25	44.18	\$44.98	2,971,800	\$4.66
12/13/2004	45.82	44.82	\$45.65	2,764,200	\$4.73

<b><u>DATE</u></b>	<b><u>HIGH</u></b>	<b><u>LOW</u></b>	<b><u>CLOSE</u></b>	<b><u>VOLUME</u></b>	<b><u>ADJ. CLOSE</u></b>
12/10/2004	45.04	43.61	\$44.62	1,255,200	\$4.63
12/9/2004	44.1	43.37	\$43.90	1,484,400	\$4.55
12/8/2004	43.68	41.26	\$43.41	2,059,200	\$4.50
12/7/2004	46.21	44.1	\$44.62	2,082,000	\$4.63
12/6/2004	46.54	45.49	\$45.95	1,305,000	\$4.76
12/3/2004	46.61	45.1	\$46.35	1,380,600	\$4.81
12/2/2004	47.5	44.27	\$45.47	3,411,000	\$4.71
12/1/2004	48.04	47.1	\$47.19	1,764,000	\$4.89
11/30/2004	48.46	47.45	\$47.52	1,824,000	\$4.93
11/29/2004	48.45	47.5	\$48.16	1,988,400	\$4.99
11/26/2004	47.92	46.82	\$47.74	939,000	\$4.95
11/24/2004	47.1	45.91	\$46.82	2,084,400	\$4.85
11/23/2004	46.33	45.06	\$45.49	3,643,200	\$4.72
11/22/2004	46.34	45.72	\$46.16	1,461,600	\$4.79
11/19/2004	47.3	46.1	\$46.10	1,092,000	\$4.78
11/18/2004	47.8	46.61	\$46.85	1,413,600	\$4.86
11/17/2004	51.51	47	\$47.25	1,994,400	\$4.90
11/16/2004	47.69	46.53	\$46.60	1,726,200	\$4.83
11/15/2004	48.82	47.55	\$47.62	2,410,800	\$4.94
11/12/2004	48.42	46.46	\$47.95	3,080,400	\$4.97
11/11/2004	46.49	45.25	\$46.21	1,610,400	\$4.79
11/10/2004	46.48	45.03	\$45.33	1,158,600	\$4.70
11/9/2004	45.85	44.68	\$45.66	1,923,000	\$4.73
11/8/2004	46	43.92	\$44.70	2,326,800	\$4.63
11/5/2004	47.52	45.65	\$46.03	2,113,800	\$4.69
11/4/2004	46.93	45.59	\$46.81	3,378,000	\$4.77
11/3/2004	45.27	44.44	\$44.87	1,318,800	\$4.57
11/2/2004	44.91	43.7	\$44.00	2,018,400	\$4.48
11/1/2004	44.19	42.91	\$43.98	4,011,000	\$4.48
10/29/2004	44.1	42.8	\$43.18	3,007,800	\$4.40
10/28/2004	43.61	41.24	\$42.15	4,807,800	\$4.29
10/27/2004	45.77	44.32	\$44.57	1,501,800	\$4.54
10/26/2004	45.46	43.71	\$45.09	3,613,800	\$4.59
10/25/2004	44.94	42.67	\$43.80	4,212,000	\$4.46
10/22/2004	45.93	43.15	\$43.72	5,763,600	\$4.45
10/21/2004	46.87	45.22	\$45.92	2,988,000	\$4.68
10/20/2004	46.29	43.9	\$44.96	3,739,800	\$4.58
10/19/2004	47.76	43.97	\$44.54	2,604,600	\$4.53
10/18/2004	48.59	46.19	\$46.41	2,560,800	\$4.72
10/15/2004	48.23	47.19	\$47.65	2,354,400	\$4.85
10/14/2004	46.82	44.38	\$46.15	3,166,800	\$4.70
10/13/2004	49.51	45.5	\$45.90	5,794,800	\$4.67
10/12/2004	52.02	50.25	\$51.62	2,320,800	\$5.26
10/11/2004	53.6	50.3	\$52.26	4,674,000	\$5.32
10/8/2004	55.8	53	\$53.14	3,003,600	\$5.41



<b><u>DATE</u></b>	<b><u>HIGH</u></b>	<b><u>LOW</u></b>	<b><u>CLOSE</u></b>	<b><u>VOLUME</u></b>	<b><u>ADJ. CLOSE</u></b>
10/7/2004	55.12	53.56	\$53.60	1,300,800	\$5.46
10/6/2004	54.85	53.5	\$54.10	1,887,000	\$5.51
10/5/2004	54.63	52.65	\$53.16	1,832,400	\$5.41
10/4/2004	55	52.75	\$53.67	2,289,600	\$5.46
10/1/2004	53.44	52	\$52.84	2,359,200	\$5.38
9/30/2004	52.5	49.61	\$51.66	4,780,800	\$5.26
9/29/2004	51	48.51	\$49.36	2,041,800	\$5.03
9/28/2004	50.4	49	\$50.19	2,314,800	\$5.11
9/27/2004	49.34	47.5	\$48.22	2,162,400	\$4.91
9/24/2004	47.76	46.23	\$47.20	1,848,600	\$4.81
9/23/2004	47.4	46.05	\$46.22	1,417,200	\$4.71
9/22/2004	47.5	46.2	\$46.90	2,177,400	\$4.77
9/21/2004	46.35	45.08	\$46.20	1,656,000	\$4.70
9/20/2004	45.39	42.4	\$44.49	2,325,000	\$4.53
9/17/2004	45.86	43.5	\$43.55	2,509,800	\$4.43
9/16/2004	45.4	44.61	\$44.80	1,488,600	\$4.56
9/15/2004	46.42	45.18	\$45.34	1,090,200	\$4.62
9/14/2004	46	45.24	\$45.52	825,000	\$4.63
9/13/2004	45.65	44.25	\$44.99	936,000	\$4.58
9/10/2004	46.46	45.03	\$45.16	879,000	\$4.60
9/9/2004	46.5	45.8	\$46.30	985,200	\$4.71
9/8/2004	46.5	45.3	\$45.95	1,171,200	\$4.68
9/7/2004	46.1	44.8	\$45.72	1,402,200	\$4.65
9/3/2004	45.22	44.41	\$44.54	638,400	\$4.53
9/2/2004	44.78	43.8	\$44.39	988,800	\$4.52
9/1/2004	44.61	43.33	\$44.20	1,520,400	\$4.50
8/31/2004	44.5	43.25	\$44.50	1,182,000	\$4.53
8/30/2004	44.62	42.84	\$43.07	1,240,200	\$4.38
8/27/2004	44.1	42.3	\$43.29	862,200	\$4.41
8/26/2004	42.6	41.75	\$42.48	1,437,000	\$4.32
8/25/2004	43.5	41.75	\$42.55	1,310,400	\$4.33
8/24/2004	45.25	41.44	\$43.00	4,201,200	\$4.38
8/23/2004	41.4	40.18	\$40.55	519,600	\$4.13
8/20/2004	41.21	40.4	\$41.20	1,033,800	\$4.19
8/19/2004	40.49	39.65	\$40.20	873,000	\$4.09
8/18/2004	39.86	38.5	\$39.40	1,374,000	\$4.01
8/17/2004	39.48	38.86	\$39.35	1,113,600	\$4.01
8/16/2004	38.75	37.7	\$38.44	796,800	\$3.91
8/13/2004	37.76	36.56	\$37.21	617,400	\$3.79
8/12/2004	37.6	36.5	\$36.60	314,400	\$3.73
8/11/2004	37.63	36.52	\$36.70	421,200	\$3.74
8/10/2004	38.55	36.56	\$38.45	730,800	\$3.84
8/9/2004	36.9	36.15	\$36.18	559,800	\$3.61
8/6/2004	37.12	36	\$36.16	502,200	\$3.61
8/5/2004	39.18	37.75	\$37.77	880,200	\$3.77

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
8/4/2004	38.5	37.72	\$37.81	664,200	\$3.77
8/3/2004	39.41	38.68	\$38.80	449,400	\$3.87
8/2/2004	39.74	38.38	\$39.40	453,600	\$3.93
7/30/2004	39.95	38.78	\$39.13	954,000	\$3.91
7/29/2004	38.81	38.12	\$38.63	700,200	\$3.86
7/28/2004	38.7	37.89	\$38.05	918,600	\$3.80
7/27/2004	38.15	35.76	\$37.92	691,800	\$3.78
7/26/2004	38.1	36.04	\$36.41	1,062,600	\$3.63
7/23/2004	38.94	37.26	\$38.18	1,117,200	\$3.81
7/22/2004	39.55	38.1	\$38.94	1,106,400	\$3.89
7/21/2004	40.5	39.2	\$39.48	643,200	\$3.94
7/20/2004	40.4	39.54	\$40.35	585,600	\$4.03
7/19/2004	40.93	40.1	\$40.35	805,800	\$4.03
7/16/2004	41.75	40.75	\$40.93	710,400	\$4.09
7/15/2004	41.44	40.2	\$40.55	772,800	\$4.05
7/14/2004	41.19	39.4	\$40.80	1,218,000	\$4.07
7/13/2004	39.78	38.85	\$39.30	819,000	\$3.92
7/12/2004	40.16	38.84	\$39.79	1,110,000	\$3.97
7/9/2004	40.5	38.5	\$39.54	1,674,600	\$3.95
7/8/2004	42.22	40	\$40.30	2,279,400	\$4.02
7/7/2004	42.5	41.35	\$41.86	1,425,000	\$4.18
7/6/2004	41.6	40.9	\$41.30	1,489,800	\$4.12
7/2/2004	41.3	40.39	\$40.96	459,600	\$4.09
7/1/2004	41.62	40.5	\$41.10	1,186,200	\$4.10
6/30/2004	41.41	39.7	\$41.33	1,363,800	\$4.13
6/29/2004	40.91	39.7	\$40.65	807,000	\$4.06
6/28/2004	41	39.53	\$40.15	1,813,200	\$4.01
6/25/2004	40.48	39.74	\$40.31	1,606,800	\$4.02
6/24/2004	39.9	39.03	\$39.61	1,750,800	\$3.95
6/23/2004	39.3	38.4	\$38.78	1,890,600	\$3.87
6/22/2004	38.97	38.03	\$38.60	1,275,000	\$3.85
6/21/2004	39	36.93	\$38.65	1,989,600	\$3.86
6/18/2004	38.63	34.46	\$38.50	2,848,200	\$3.84
6/17/2004	34.6	33.42	\$34.21	1,788,000	\$3.41
6/16/2004	35.1	32.85	\$34.54	1,434,600	\$3.45
6/15/2004	33.49	32.3	\$33.06	1,218,600	\$3.30
6/14/2004	32.63	31.85	\$32.13	1,092,600	\$3.21
6/10/2004	32.73	31.23	\$32.50	1,592,400	\$3.24
6/9/2004	31.66	30.7	\$30.98	1,318,200	\$3.09
6/8/2004	32.17	30.95	\$31.65	541,800	\$3.16
6/7/2004	31.65	30.66	\$31.38	689,400	\$3.13
6/4/2004	30.42	29.85	\$30.16	1,016,400	\$3.01
6/3/2004	31.32	29.5	\$30.00	813,600	\$2.99
6/2/2004	32.13	31.17	\$31.17	1,071,000	\$3.11
6/1/2004	32.36	31.44	\$31.70	650,400	\$3.16

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
5/28/2004	31.8	30.88	\$31.18	568,200	\$3.11
5/27/2004	32.85	31.26	\$31.35	1,446,600	\$3.13
5/26/2004	31.99	30.75	\$31.00	1,039,200	\$3.09
5/25/2004	31.85	30	\$31.80	1,139,400	\$3.17
5/24/2004	30.45	29.61	\$29.90	1,065,600	\$2.98
5/21/2004	29.69	28.18	\$29.69	1,681,800	\$2.96
5/20/2004	28.3	26.77	\$27.44	1,012,200	\$2.74
5/19/2004	29.2	27.52	\$27.80	1,780,800	\$2.77
5/18/2004	28.24	26.57	\$27.66	834,600	\$2.76
5/17/2004	26.75	26.1	\$26.53	785,400	\$2.65
5/14/2004	28.2	26.98	\$27.33	821,400	\$2.67
5/13/2004	28.07	27.1	\$27.64	721,200	\$2.70
5/12/2004	28.35	26.88	\$27.70	1,069,800	\$2.71
5/11/2004	28.43	27.53	\$27.99	1,270,800	\$2.74
5/10/2004	28.5	27.2	\$27.81	1,237,800	\$2.72
5/7/2004	30	27.75	\$27.80	1,197,000	\$2.72
5/6/2004	30.1	28.54	\$29.80	1,445,400	\$2.92
5/5/2004	31.1	29.71	\$29.95	842,400	\$2.93
5/4/2004	31.15	29.1	\$30.55	2,080,200	\$2.99
5/3/2004	29.39	28.22	\$28.60	1,211,400	\$2.80
4/30/2004	29.35	28.01	\$29.03	1,272,000	\$2.84
4/29/2004	29.5	27.91	\$28.60	1,039,800	\$2.80
4/28/2004	30.83	27.94	\$28.55	2,856,000	\$2.79
4/27/2004	31.96	30	\$30.83	1,730,400	\$3.02
4/26/2004	34.18	30.76	\$30.86	2,467,800	\$3.02
4/23/2004	35.27	34.17	\$34.17	696,600	\$3.34
4/22/2004	35.2	34.18	\$34.50	1,248,000	\$3.38
4/21/2004	35.75	32.97	\$34.17	2,287,200	\$3.34
4/20/2004	37.73	35.5	\$35.80	1,159,800	\$3.50
4/19/2004	38.31	37.02	\$37.56	575,400	\$3.67
4/16/2004	38.62	37.68	\$38.00	525,000	\$3.72
4/15/2004	37.33	36.65	\$37.18	403,200	\$3.64
4/14/2004	37.34	36.65	\$37.02	1,070,400	\$3.62
4/13/2004	39.8	37.07	\$37.82	903,600	\$3.70
4/12/2004	40.45	38.83	\$39.65	581,400	\$3.88
4/8/2004	40.89	39.27	\$40.20	631,800	\$3.93
4/7/2004	41.5	40.43	\$40.57	537,600	\$3.97
4/6/2004	41.75	41.01	\$41.60	486,600	\$4.07
4/5/2004	42.17	40.85	\$41.63	1,059,600	\$4.07
4/2/2004	41.96	40.61	\$41.85	1,232,400	\$4.09
4/1/2004	41.6	40.08	\$40.45	963,000	\$3.96
3/31/2004	41.3	40.45	\$40.45	1,062,600	\$3.96
3/30/2004	40.4	39.61	\$40.05	994,200	\$3.92
3/29/2004	39.8	38.97	\$39.44	1,369,200	\$3.86
3/26/2004	39	37.53	\$38.45	1,251,000	\$3.76

<b><u>DATE</u></b>	<b><u>HIGH</u></b>	<b><u>LOW</u></b>	<b><u>CLOSE</u></b>	<b><u>VOLUME</u></b>	<b><u>ADJ. CLOSE</u></b>
3/25/2004	37.71	36.15	\$37.24	896,400	\$3.64
3/24/2004	37.35	36.22	\$36.33	600,600	\$3.55
3/23/2004	39.3	37.28	\$37.35	898,800	\$3.65
3/22/2004	38.87	37.75	\$37.90	693,000	\$3.71
3/19/2004	40.08	38.5	\$38.59	995,400	\$3.78
3/18/2004	39.2	38.2	\$38.43	892,200	\$3.76
3/17/2004	38.9	37.6	\$38.47	1,745,400	\$3.76
3/16/2004	37.6	37	\$37.35	1,314,000	\$3.65
3/15/2004	37.1	36.12	\$36.82	486,600	\$3.60
3/12/2004	37.85	36.5	\$36.98	847,800	\$3.62
3/11/2004	38.01	36	\$36.53	1,107,600	\$3.57
3/10/2004	37.08	36.1	\$36.16	559,800	\$3.54
3/9/2004	37.92	35.3	\$36.83	1,563,000	\$3.60
3/8/2004	38.8	37.82	\$37.83	463,200	\$3.70
3/5/2004	39.1	38.2	\$38.30	678,000	\$3.75
3/4/2004	39.06	37.25	\$38.58	639,600	\$3.77
3/3/2004	38.69	37.6	\$38.00	773,400	\$3.72
3/2/2004	40.24	38.1	\$38.70	1,523,400	\$3.79
3/1/2004	40.23	38.6	\$40.00	1,556,400	\$3.91
2/27/2004	38.4	37.01	\$37.80	2,034,000	\$3.70
2/26/2004	39.13	37.49	\$38.98	1,206,600	\$3.81
2/25/2004	40.25	37.7	\$37.90	1,537,800	\$3.71
2/24/2004	39.37	38.55	\$39.37	1,049,400	\$3.85
2/23/2004	39.8	39.12	\$39.23	392,400	\$3.84
2/20/2004	40.3	38.64	\$39.25	1,255,800	\$3.84
2/19/2004	42.09	40.73	\$40.77	927,600	\$3.99
2/18/2004	43.39	42.1	\$42.20	1,564,200	\$4.10
2/17/2004	43.16	40.5	\$41.79	1,806,000	\$4.06
2/13/2004	42.1	40.34	\$40.90	1,068,600	\$3.98
2/12/2004	44.75	41.76	\$41.81	1,856,400	\$4.06
2/11/2004	42.6	40.25	\$41.97	1,812,000	\$4.08
2/10/2004	41.8	39.67	\$40.00	874,200	\$3.89
2/9/2004	40.6	38.4	\$40.18	1,416,600	\$3.91
2/6/2004	38.56	38.1	\$38.30	1,429,800	\$3.72
2/5/2004	39.13	37.94	\$37.94	1,048,800	\$3.69
2/4/2004	41	36.3	\$38.65	4,505,400	\$3.76
2/3/2004	42.26	40.89	\$41.85	1,188,000	\$4.07
2/2/2004	44.13	40	\$40.76	1,473,600	\$3.96
1/30/2004	43.9	42	\$43.90	932,400	\$4.27
1/29/2004	45.1	41.82	\$42.20	1,376,400	\$4.10
1/28/2004	47.24	45.29	\$45.31	857,400	\$4.40
1/27/2004	48.45	46.52	\$47.12	913,200	\$4.58
1/26/2004	48.97	47.3	\$48.66	882,000	\$4.73
1/23/2004	49.48	47.49	\$47.51	438,000	\$4.62
1/22/2004	49.55	48.85	\$49.00	441,000	\$4.76

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
1/21/2004	49.5	48.01	\$48.85	642,000	\$4.75
1/20/2004	49.5	45.5	\$49.50	1,413,000	\$4.81
1/16/2004	45.47	42.8	\$45.27	1,240,200	\$4.40
1/15/2004	48.3	44.5	\$45.15	1,410,600	\$4.39
1/14/2004	49	47.36	\$48.80	1,159,200	\$4.74
1/13/2004	49.16	48.1	\$48.44	1,660,800	\$4.71
1/12/2004	48.7	47.42	\$48.00	814,200	\$4.67
1/9/2004	49.61	48.15	\$48.59	576,000	\$4.72
1/8/2004	49.63	48.45	\$49.50	786,600	\$4.81
1/7/2004	48.75	47.4	\$48.74	935,400	\$4.74
1/6/2004	50.55	48.45	\$48.45	963,600	\$4.71
1/5/2004	51.65	49.85	\$50.50	981,000	\$4.91
1/2/2004	49.69	47.41	\$49.10	705,600	\$4.77
12/31/2003	48.75	46.65	\$47.16	648,600	\$4.58
12/30/2003	49.69	48	\$48.08	1,036,800	\$4.67
12/29/2003	49.1	47.9	\$48.85	1,193,400	\$4.75
12/26/2003	47.07	45.5	\$46.78	314,400	\$4.55
12/24/2003	45.97	45.31	\$45.70	379,200	\$4.44
12/23/2003	48.9	45.67	\$45.68	1,166,400	\$4.44
12/22/2003	45.91	42.15	\$45.91	2,338,800	\$4.46
12/19/2003	44.99	43.13	\$43.20	1,236,000	\$4.20
12/18/2003	46.2	44.47	\$44.94	1,153,800	\$4.37
12/17/2003	45.4	44.05	\$44.53	610,800	\$4.33
12/16/2003	45.4	44.35	\$45.10	912,000	\$4.38
12/15/2003	46.5	45.1	\$45.16	835,200	\$4.39
12/12/2003	46	44.1	\$45.40	1,030,200	\$4.41
12/11/2003	43.8	41.53	\$43.36	711,000	\$4.21
12/10/2003	44.14	42.54	\$42.57	846,000	\$4.14
12/9/2003	44.8	44.02	\$44.39	1,023,600	\$4.31
12/8/2003	43.99	41.68	\$43.98	696,000	\$4.28
12/5/2003	43.1	42	\$42.10	735,000	\$4.09
12/4/2003	43.65	42.14	\$42.18	830,400	\$4.10
12/3/2003	44.67	42.95	\$43.00	940,200	\$4.18
12/2/2003	43.82	41.9	\$43.10	1,167,600	\$4.19
12/1/2003	43.78	38.75	\$42.83	2,330,400	\$4.16
11/28/2003	37.95	37.12	\$37.95	254,400	\$3.69
11/26/2003	37.45	36.3	\$37.32	387,600	\$3.63
11/25/2003	36.82	36.33	\$36.61	667,800	\$3.56
11/24/2003	37.08	35.89	\$36.30	1,204,200	\$3.53
11/21/2003	36.13	34.36	\$36.06	1,413,600	\$3.51
11/20/2003	35.75	35	\$35.10	652,200	\$3.41
11/19/2003	37.45	36.24	\$36.28	663,600	\$3.53
11/18/2003	37.48	36.06	\$37.48	746,400	\$3.64
11/17/2003	36.66	34.85	\$36.06	904,200	\$3.51
11/14/2003	38.25	36.6	\$36.65	573,600	\$3.56

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
11/13/2003	37.5	35.25	\$37.45	1,083,000	\$3.64
11/12/2003	36.69	34.42	\$36.36	867,000	\$3.53
11/11/2003	34.52	33.7	\$34.27	550,200	\$3.33
11/10/2003	36.34	34.34	\$34.75	836,400	\$3.38
11/7/2003	36.98	34.78	\$36.28	1,120,200	\$3.53
11/6/2003	35.95	34.4	\$34.81	828,600	\$3.37
11/5/2003	35.45	32.5	\$35.00	1,718,400	\$3.39
11/4/2003	32.76	29.7	\$32.45	1,113,000	\$3.14
11/3/2003	29.92	28.56	\$29.60	512,400	\$2.87
10/31/2003	29.8	27.7	\$28.46	759,000	\$2.76
10/30/2003	31.21	29.2	\$30.00	869,400	\$2.90
10/29/2003	29.32	26.53	\$29.00	935,400	\$2.81
10/28/2003	26.95	25.32	\$26.50	783,000	\$2.57
10/27/2003	25.19	24.42	\$25.07	235,200	\$2.43
10/24/2003	24.58	24	\$24.35	322,800	\$2.36
10/23/2003	25.2	23.5	\$24.08	820,800	\$2.33
10/22/2003	27.4	25.39	\$25.78	533,400	\$2.50
10/21/2003	27.5	26.05	\$27.50	428,400	\$2.66
10/20/2003	26.37	25.95	\$26.05	165,000	\$2.52
10/17/2003	26.93	26.05	\$26.05	184,200	\$2.52
10/16/2003	27.95	26.53	\$26.88	400,800	\$2.60
10/15/2003	26.58	25.03	\$26.50	571,200	\$2.57
10/14/2003	25.27	25.02	\$25.03	211,200	\$2.42
10/13/2003	25.21	24.85	\$25.09	955,800	\$2.43
10/10/2003	24.8	24.35	\$24.70	415,200	\$2.39
10/9/2003	24.39	23.67	\$24.15	286,200	\$2.34
10/8/2003	23.7	23.13	\$23.55	246,600	\$2.28
10/7/2003	23.18	23.01	\$23.08	264,600	\$2.23
10/6/2003	23.21	23	\$23.10	246,600	\$2.24
10/3/2003	23.25	22.64	\$23.11	402,000	\$2.24
10/2/2003	22.25	21.8	\$22.25	555,600	\$2.15
10/1/2003	22.15	21.75	\$22.03	427,800	\$2.13
9/30/2003	22.2	21.95	\$22.12	313,200	\$2.14
9/29/2003	22.13	21.9	\$22.13	411,000	\$2.14
9/26/2003	22.6	21.82	\$22.13	331,200	\$2.14
9/25/2003	23.16	22.1	\$22.54	529,200	\$2.18
9/24/2003	23.9	21.85	\$22.88	1,230,000	\$2.22
9/23/2003	21.49	20.68	\$21.45	558,600	\$2.08
9/22/2003	20.8	19.65	\$20.53	306,600	\$1.99
9/19/2003	20.48	19.8	\$20.20	358,800	\$1.96
9/18/2003	19.8	19.42	\$19.75	189,600	\$1.91
9/17/2003	19.49	18.65	\$19.49	842,400	\$1.89
9/16/2003	19.2	18.95	\$18.95	681,600	\$1.83
9/15/2003	19.09	18.4	\$19.05	537,000	\$1.84
9/12/2003	18.5	18.12	\$18.45	313,800	\$1.79

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
9/11/2003	18.2	18.05	\$18.10	51,600	\$1.75
9/10/2003	18.16	18.01	\$18.15	116,400	\$1.76
9/9/2003	18.2	17.91	\$18.15	403,800	\$1.76
9/8/2003	17.87	17.74	\$17.87	186,000	\$1.73
9/5/2003	17.94	17.55	\$17.72	246,600	\$1.72
9/4/2003	17.8	17.57	\$17.59	235,800	\$1.70
9/3/2003	17.69	17.51	\$17.65	575,400	\$1.71
9/2/2003	17.62	17.15	\$17.51	287,400	\$1.70
8/29/2003	17.25	16.88	\$17.10	109,200	\$1.66
8/28/2003	17.25	16.84	\$17.21	96,600	\$1.67
8/27/2003	17.29	17.06	\$17.15	117,600	\$1.66
8/26/2003	17.27	16.85	\$17.15	98,400	\$1.66
8/25/2003	17.5	16.95	\$16.95	153,600	\$1.64
8/22/2003	17.97	17.4	\$17.45	159,000	\$1.69
8/21/2003	17.89	17.12	\$17.89	182,400	\$1.73
8/20/2003	17.61	17.27	\$17.49	169,800	\$1.69
8/19/2003	17.8	17.31	\$17.42	240,000	\$1.69
8/18/2003	17.96	17.51	\$17.81	208,800	\$1.72
8/15/2003	17.75	17.39	\$17.50	112,800	\$1.69
8/14/2003	18	17.34	\$17.65	311,400	\$1.71
8/13/2003	17.44	17.22	\$17.25	223,800	\$1.67
8/12/2003	17.35	17.05	\$17.27	230,400	\$1.67
8/11/2003	17.3	16.95	\$17.16	158,400	\$1.66
8/8/2003	17.08	16.16	\$17.05	319,200	\$1.64
8/7/2003	16.99	16.73	\$16.85	104,400	\$1.62
8/6/2003	17.18	16.81	\$17.06	205,200	\$1.64
8/5/2003	17.05	16.38	\$16.81	386,400	\$1.61
8/4/2003	16.43	16.25	\$16.26	286,200	\$1.56
8/1/2003	16.5	16.3	\$16.32	613,200	\$1.57
7/31/2003	16.65	16.4	\$16.45	714,600	\$1.58
7/30/2003	16.8	16.39	\$16.70	202,200	\$1.60
7/29/2003	16.88	16.65	\$16.66	104,400	\$1.60
7/28/2003	17.2	16.79	\$16.80	87,600	\$1.61
7/25/2003	17.15	16.79	\$16.90	289,200	\$1.62
7/24/2003	17.15	16.79	\$16.92	211,800	\$1.63
7/23/2003	17.5	17.1	\$17.15	209,400	\$1.65
7/22/2003	17.3	16.92	\$17.30	135,000	\$1.66
7/21/2003	17.5	16.68	\$17.19	331,200	\$1.65
7/18/2003	16.7	16.57	\$16.68	240,000	\$1.60
7/17/2003	16.65	16.3	\$16.65	223,800	\$1.60
7/16/2003	16.54	16.1	\$16.40	94,200	\$1.58
7/15/2003	16.66	16.19	\$16.45	357,600	\$1.58
7/14/2003	16.38	16.22	\$16.36	33,600	\$1.57
7/11/2003	16.4	16.21	\$16.25	48,600	\$1.56
7/10/2003	16.27	16.12	\$16.24	55,800	\$1.56

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
7/9/2003	16.22	15.98	\$16.16	206,400	\$1.55
7/8/2003	16.22	15.9	\$16.22	426,000	\$1.56
7/7/2003	16.15	15.84	\$16.11	348,000	\$1.55
7/3/2003	16.05	15.76	\$15.93	159,600	\$1.53
7/2/2003	15.88	15.45	\$15.88	451,800	\$1.53
7/1/2003	15.58	15.44	\$15.52	232,800	\$1.49
6/30/2003	15.67	15.05	\$15.30	1,562,400	\$1.47
6/27/2003	15.97	15.3	\$15.30	362,400	\$1.47
6/26/2003	15.9	15.41	\$15.70	433,200	\$1.51
6/25/2003	15.9	15.4	\$15.55	537,600	\$1.49
6/24/2003	15.99	15.77	\$15.89	551,400	\$1.53
6/23/2003	15.97	15.55	\$15.96	403,800	\$1.53
6/20/2003	16.08	15.6	\$15.88	207,600	\$1.53
6/19/2003	16.08	15.6	\$15.65	246,000	\$1.50
6/18/2003	16	15.61	\$16.00	153,600	\$1.54
6/17/2003	15.88	15.58	\$15.80	173,400	\$1.52
6/16/2003	15.8	15.37	\$15.79	289,200	\$1.52
6/13/2003	15.73	15.46	\$15.51	228,000	\$1.49
6/12/2003	15.91	15.5	\$15.73	130,200	\$1.51
6/11/2003	15.79	15.52	\$15.76	116,400	\$1.51
6/10/2003	15.75	15.45	\$15.72	129,000	\$1.51
6/9/2003	16.1	15.68	\$15.68	97,200	\$1.51
6/6/2003	17.1	15.73	\$15.85	216,600	\$1.52
6/5/2003	16.15	15.8	\$16.05	114,000	\$1.54
6/4/2003	16.3	15.7	\$16.20	219,000	\$1.56
6/3/2003	15.92	15.5	\$15.65	247,800	\$1.50
6/2/2003	16.05	15.82	\$15.95	208,200	\$1.53
5/30/2003	15.95	15.72	\$15.88	104,400	\$1.53
5/29/2003	15.93	15.66	\$15.84	135,000	\$1.52
5/28/2003	15.86	15.46	\$15.71	51,600	\$1.51
5/27/2003	15.85	15.27	\$15.71	165,600	\$1.51
5/23/2003	15.43	15	\$15.17	138,600	\$1.46
5/22/2003	15.47	15.12	\$15.25	203,400	\$1.45
5/21/2003	15.27	15.01	\$15.21	123,600	\$1.45
5/20/2003	15.39	15.11	\$15.18	50,400	\$1.45
5/19/2003	15.24	15.15	\$15.21	83,400	\$1.45
5/16/2003	15.33	15.08	\$15.21	237,600	\$1.45
5/15/2003	15.5	15.06	\$15.34	339,000	\$1.46
5/14/2003	15.86	15.3	\$15.37	64,200	\$1.47
5/13/2003	15.89	15.61	\$15.76	91,800	\$1.50
5/12/2003	15.85	15.57	\$15.85	104,400	\$1.51
5/9/2003	15.79	15.5	\$15.78	107,400	\$1.50
5/8/2003	15.53	15.48	\$15.50	394,800	\$1.48
5/7/2003	15.72	15.6	\$15.60	23,400	\$1.49
5/6/2003	15.84	15.69	\$15.70	87,600	\$1.50



<b><u>DATE</u></b>	<b><u>HIGH</u></b>	<b><u>LOW</u></b>	<b><u>CLOSE</u></b>	<b><u>VOLUME</u></b>	<b><u>ADJ. CLOSE</u></b>
5/5/2003	15.74	15.62	\$15.74	75,000	\$1.50
5/2/2003	15.79	15.67	\$15.71	468,600	\$1.50
5/1/2003	15.69	15.54	\$15.69	30,600	\$1.50
4/30/2003	15.7	15.48	\$15.64	87,600	\$1.49
4/29/2003	15.65	15.43	\$15.57	86,400	\$1.48
4/28/2003	15.8	15.26	\$15.58	145,800	\$1.49
4/25/2003	15.67	15.27	\$15.27	73,800	\$1.46
4/24/2003	15.89	15.52	\$15.52	93,600	\$1.48
4/23/2003	15.94	15.74	\$15.83	78,000	\$1.51
4/22/2003	15.94	15.59	\$15.86	203,400	\$1.51
4/21/2003	15.74	15.55	\$15.62	35,400	\$1.49
4/17/2003	15.75	15.5	\$15.56	133,200	\$1.48
4/16/2003	15.56	15.2	\$15.45	90,600	\$1.47
4/15/2003	15.29	15.06	\$15.15	120,000	\$1.44
4/14/2003	15.17	14.96	\$15.14	111,600	\$1.44
4/11/2003	15.21	14.86	\$14.86	69,000	\$1.42
4/10/2003	15.29	15.01	\$15.01	85,800	\$1.43
4/9/2003	15.45	14.94	\$15.01	99,000	\$1.43
4/8/2003	15.44	14.82	\$15.34	133,200	\$1.46
4/7/2003	15.39	14.95	\$15.18	158,400	\$1.45
4/4/2003	14.97	14.32	\$14.46	160,200	\$1.38
4/3/2003	15.28	14.35	\$14.42	272,400	\$1.37
4/2/2003	15.24	14.75	\$15.13	225,000	\$1.44
4/1/2003	14.88	14.56	\$14.88	66,000	\$1.42
3/31/2003	14.89	14.5	\$14.60	190,800	\$1.39
3/28/2003	15.1	14.95	\$15.05	88,800	\$1.44
3/27/2003	15.65	14.97	\$15.02	163,800	\$1.43
3/26/2003	15.62	15.15	\$15.26	514,800	\$1.46
3/25/2003	15.9	15.5	\$15.61	123,600	\$1.49
3/24/2003	15.65	15.31	\$15.47	68,400	\$1.48
3/21/2003	15.59	15.25	\$15.50	154,800	\$1.48
3/20/2003	15.89	15.4	\$15.58	283,800	\$1.49
3/19/2003	15.89	15.46	\$15.75	169,200	\$1.50
3/18/2003	15.61	15.1	\$15.53	70,800	\$1.48
3/17/2003	15.41	15.13	\$15.35	127,200	\$1.46
3/14/2003	15.75	15.09	\$15.23	117,000	\$1.45
3/13/2003	15.9	15.4	\$15.90	110,400	\$1.52
3/12/2003	15.86	15.3	\$15.84	82,800	\$1.51
3/11/2003	15.9	15.62	\$15.72	61,200	\$1.50
3/10/2003	15.7	15.34	\$15.70	175,200	\$1.50
3/7/2003	15.77	15.39	\$15.39	37,200	\$1.47
3/6/2003	15.87	15.67	\$15.72	89,400	\$1.50
3/5/2003	15.85	15.51	\$15.85	63,600	\$1.51
3/4/2003	15.94	15.31	\$15.58	141,000	\$1.49
3/3/2003	15.88	15.24	\$15.88	131,400	\$1.51

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>	<u>VOLUME</u>	<u>ADJ. CLOSE</u>
2/28/2003	15.82	15.42	\$15.55	121,200	\$1.48
2/27/2003	15.94	15.57	\$15.89	91,800	\$1.52
2/26/2003	15.6	15.44	\$15.47	101,400	\$1.48
2/25/2003	15.91	15.5	\$15.57	841,800	\$1.48
2/24/2003	16	15.87	\$15.93	75,000	\$1.52
2/21/2003	16.14	15.75	\$15.98	355,800	\$1.52
2/20/2003	16	15.92	\$16.00	49,200	\$1.53
2/19/2003	16.2	15.91	\$15.96	123,000	\$1.52
2/18/2003	16.1	15.85	\$16.10	166,200	\$1.54
2/14/2003	15.91	15.73	\$15.79	62,400	\$1.51
2/13/2003	15.79	15.32	\$15.73	209,400	\$1.49
2/12/2003	15.9	15.67	\$15.69	125,400	\$1.49
2/11/2003	15.95	15.63	\$15.70	150,600	\$1.49
2/10/2003	15.79	15.3	\$15.70	98,400	\$1.49
2/7/2003	15.68	15.3	\$15.30	127,800	\$1.45
2/6/2003	15.73	15.39	\$15.73	102,000	\$1.49
2/5/2003	15.81	15.36	\$15.63	192,000	\$1.48
2/4/2003	15.8	15.51	\$15.75	45,000	\$1.49
2/3/2003	15.93	15.35	\$15.70	239,400	\$1.49
1/31/2003	15.86	15.61	\$15.72	439,200	\$1.49
1/30/2003	15.87	15.52	\$15.85	149,400	\$1.50
1/29/2003	15.86	15.58	\$15.76	77,400	\$1.49
1/28/2003	15.87	15.75	\$15.85	154,800	\$1.50
1/27/2003	15.97	15.69	\$15.74	99,000	\$1.49
1/24/2003	16	15.7	\$15.75	152,400	\$1.49
1/23/2003	16.06	15.71	\$15.81	98,400	\$1.50
1/22/2003	16.2	15.7	\$15.81	232,200	\$1.50
1/21/2003	16.15	15.71	\$15.93	115,200	\$1.51
1/17/2003	16.6	16	\$16.10	294,000	\$1.53
1/16/2003	16.19	15.97	\$16.10	178,200	\$1.53
1/15/2003	16.15	15.69	\$15.85	145,800	\$1.50
1/14/2003	16.33	15.9	\$16.17	147,000	\$1.53
1/13/2003	16.17	15.64	\$16.10	516,000	\$1.53
1/10/2003	16.07	15.54	\$15.54	179,400	\$1.47
1/9/2003	15.8	15.4	\$15.80	96,600	\$1.50
1/8/2003	15.65	15.25	\$15.30	156,600	\$1.45
1/7/2003	15.59	15.13	\$15.58	161,400	\$1.48
1/6/2003	15.24	15.03	\$15.19	46,800	\$1.44
1/3/2003	15.25	14.99	\$15.17	348,600	\$1.44
1/2/2003	14.95	14.5	\$14.95	223,200	\$1.42

## IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE SOUTHERN PERU COPPER : Consolidated  
CORPORATION SHAREHOLDER : Civil Action  
DERIVATIVE LITIGATION : No. 961-VCL

- - -

Chancery Court Chambers  
New Castle County Courthouse  
500 North King Street  
Wilmington, Delaware  
Wednesday, July 1, 2009  
10:08 a.m.

- - -

BEFORE: HON. STEPHEN P. LAMB, Vice Chancellor.

- - -

TELEPHONIC ORAL ARGUMENT ON PLAINTIFFS' MOTION TO SET  
DEPOSITION LOCATIONS and RULING OF THE COURT

- - -

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CHANCERY COURT REPORTERS  
New Castle County Courthouse  
500 North King Street - Suite 11400  
Wilmington, Delaware 19801-3768  
(302) 255-0524

1 APPEARANCES: (via speakerphone)

2 RONALD A. BROWN, JR., ESQ.

3 MARCUS E. MONTEJO, ESQ.

4 Prickett, Jones & Elliott, P.A.

5 -and-

6 JAMES H. MILLER, ESQ.

7 ERIC L. ZAGAR, ESQ.

8 of the Pennsylvania Bar

9 Barroway, Topaz, Kessler, Meltzer & Check, LLP

10 for Plaintiffs

11 S. MARK HURD, ESQ.

12 Morris, Nichols, Arsht & Tunnell LLP

13 -and-

14 ALAN J. STONE, ESQ.

15 DOUGLAS W. HENKIN, ESQ.

16 of the New York Bar

17 Milbank, Tweed, Hadley & McCloy LLP

18 for Defendants Americas Mining Corporation,

19 German Larrea Mota-Velasco, Genaro Larrea

20 Mota-Velasco, Oscar Gonzalez Rocha, Emilio

21 Carrillo Gamboa, Jaime Fernando Collazo

22 Gonzalez, Xavier Garcia De Quevedo Topete,

23 Armando Ortega Gomez, and Juan Robolledo Gout

24 RAYMOND J. DiCAMILLO, ESQ.

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-and-

ADRIENNE K. EASON WHEATLEY, ESQ.

of the New York Bar

Latham & Watkins LLP

for Defendants Carlos Ruiz Sacristan, Harold S.

Handelsman, Gilberto Perezalonso Cifuentes, and

Luis Miguel Palomino Bonilla

RICHARD I. G. JONES, JR., ESQ.

Ashby & Geddes, P.A.

for Nominal Defendant Southern Peru Copper

Corporation

- - -

1 THE COURT: Good morning.

2 ALL COUNSEL: Good morning, Your  
3 Honor.

4 THE COURT: Can I know who's on the  
5 phone, please?

6 MR. BROWN: Yes, Your Honor. For the  
7 plaintiffs it's Chip Brown and Marcus Montejo from  
8 Prickett Jones and Eric Zagar and James Miller from  
9 Barroway Topaz for -- also for the plaintiffs.

10 MR. HURD: Your Honor, it's Mark Hurd  
11 at Morris Nichols for defendants Americas Mining and a  
12 number of the individual defendants. Also on the  
13 phone are Alan Stone and Douglas Henkin of Milbank,  
14 and Mr. Stone will be presenting argument on behalf of  
15 our clients.

16 MR. DiCAMILLO: Good morning, Your  
17 Honor. It's Ray DiCamillo for the special committee  
18 defendants. Also on the line is Adrienne Eason  
19 Wheatley from Latham & Watkins.

20 MR. JONES: And, Your Honor, this is  
21 Richie Jones from Ashby & Geddes on behalf of Southern  
22 Peru Copper Corporation, the nominal defendant.

23 THE COURT: All right. And I  
24 understand Mr. Jones -- Mr. Stone will be presenting

1 the argument for the defendants; is that right?

2 UNIDENTIFIED SPEAKER: That's right,  
3 Your Honor.

4 THE COURT: All right. Okay,  
5 Mr. Brown.

6 MR. BROWN: Your Honor, thank you.

7 This is an entire fairness case. The  
8 controlling shareholder of Southern Copper  
9 Corporation, which is a New York Stock Exchange  
10 company, merged its Mexican mining operations into  
11 Southern Copper and received approximately 67 million  
12 shares of Southern Copper stock in return.

13 We're -- we tried to reach an  
14 agreement on the locations for approximately a dozen  
15 directors of Southern Copper, but we've been -- we  
16 weren't able to agree. The defendants insist that the  
17 depositions all take place or -- except for -- with  
18 respect to -- except -- with the exception of one  
19 director, who's in Chicago, they insist that the rest  
20 of the depositions take place in Mexico and Peru where  
21 these directors reside.

22 Now, normally, obviously, I think we  
23 all know that, you know, we as Delaware lawyers do the  
24 traveling and we take the depositions where the

1 directors -- at a location proposed by the directors.  
2 But that is not -- I -- I never understood that to be  
3 an absolute rule that, you know, is never deviated  
4 from. On the contrary, my understanding was that the  
5 Lasher and Dalton cases articulate the exceptions to  
6 that rule. And basically the -- the exception is  
7 where it makes sense to depose the directors of a  
8 Delaware corporation in Delaware or another, you know,  
9 more convenient location, the Court will direct those  
10 depositions to take place at that location, provided  
11 that the plaintiffs reimburse the directors for travel  
12 and lodging expenses, which we're certainly willing to  
13 do.

14 Now, here, it really does make sense  
15 to take the depositions either in Delaware or at the  
16 executive offices of the company. Multiple trips to  
17 Mexico and Peru, which we'd have to take an  
18 interpreter to -- and presumably the defendants would  
19 bring their own interpreters -- and bring a court  
20 reporter to me just doesn't make sense. I think it  
21 would be much more practical to take the depositions  
22 here where we can have -- where we don't have to bring  
23 court reporters and interpreters for multiple  
24 international trips. Like I said, we'll minimize the

1 inconvenience to these executives by, you know,  
2 reimbursing their expenses. They are executives of a  
3 New York Stock Exchange company, who presumably are  
4 familiar with travel. And, you know, this is the  
5 location that they chose to govern their relationship  
6 with their company and their investors. So -- and  
7 presumably they're going to appear here for trial.

8           So it strikes me as, given all the  
9 circumstances, the most practical thing here, given  
10 that we have extensive documents in Spanish and  
11 presumably -- my understanding, that most, if not all,  
12 of these witnesses will want to give their testimony  
13 in Spanish, that we have the depositions here.

14           Now, the -- one of the main responses,  
15 as I understand it, from the defendants is we haven't  
16 been diligent in pursuing this case and, therefore, we  
17 should be effectively penalized or this exception  
18 should not be available to us to the general rule  
19 that, you know, they get to pick the location of the  
20 depositions.

21           I certainly agree that, you know, this  
22 case has not proceeded as quickly as it should have;  
23 but we're -- we're now 18 months or almost two years  
24 since the protective -- a confidentiality order was



1 entered, and the defendants still have not completed  
2 document production. There were references in the  
3 defendants' response papers that we've done nothing  
4 for extended periods of time, which isn't correct.  
5 There were efforts. You know, multiple third-party  
6 subpoenas have been issued. We've been in discussions  
7 and working with third parties to get documents from  
8 them. There were settlement negotiations at various  
9 points during the case, including us having an expert  
10 give a written -- an oral presentation to the  
11 defendants. So things happened in the case. It's  
12 just that basically we didn't hound them enough for  
13 the document production, I guess. And, you know, it's  
14 still not complete.

15 But we're -- we've worked -- we're  
16 trying to work through this, and we're now at the  
17 point where we're supposed to actually have document  
18 production. It was represented to us that the special  
19 committee defendants would have their production  
20 complete by the end of the month. It's not complete  
21 yet, but hopefully that will be wrapped up quickly and  
22 we can get these depositions done.

23 And the bottom line is, we think it  
24 makes the most sense to have the depositions here.

1 And so we would ask the Court to order that.

2 THE COURT: Mr. Brown, what's -- what  
3 is the status of Lemon Bay as a plaintiff?

4 MR. BROWN: We filed a motion to  
5 withdraw. There were three plaintiffs in this case.  
6 One died. They -- it seemed to us that the -- based  
7 on our conversations with the defendants, they were  
8 going to mount a significant attack to Lemon Bay being  
9 a plaintiff and would really result in a bunch of  
10 discovery that was really pointless. So we moved to  
11 withdraw Lemon Bay. There's a third plaintiff that  
12 there's no issue about. So it just -- to me, it  
13 didn't make sense to have the whole thing deflect into  
14 a fight over whether Lemon Bay is a proper plaintiff.

15 THE COURT: And how has this case  
16 escaped having a scheduling order in place?

17 MR. BROWN: Well, there is a  
18 scheduling order in place.

19 THE COURT: When did that happen?

20 MR. BROWN: It was --

21 UNIDENTIFIED SPEAKER: Your Honor, it  
22 was July of 2008.

23 THE COURT REPORTER: Who was that  
24 speaking?

1 MR. STONE: Sorry, Neith. This is  
2 Alan Stone.

3 THE COURT: So for what? --three  
4 years or more this case existed on my docket without a  
5 scheduling order?

6 MR. BROWN: That's correct, Your  
7 Honor.

8 THE COURT: How'd that happen?

9 MR. BROWN: Well, it's my fault for  
10 not asking for one.

11 THE COURT: And were you never asked  
12 for status reports by the Court?

13 MR. BROWN: No, Your Honor.

14 THE COURT: You're kidding. Well,  
15 obviously you should have been.

16 Is there -- I guess there must be some  
17 sort of order of consolidation in this case.

18 MR. BROWN: Correct. At the outset  
19 the three different cases that were filed were  
20 consolidated.

21 THE COURT: I'm just -- I'm looking  
22 that up here while I talk to you.

23 Who was it who initially appeared on  
24 behalf of Lemon Bay?

1 MR. BROWN: My firm, Your Honor.

2 THE COURT: And did you appear on  
3 behalf of Mr. Sousa, too?

4 MR. BROWN: No.

5 THE COURT: Who was representing  
6 Mr. Sousa? Mr. Sousa is the gentleman who died; is  
7 that correct?

8 MR. BROWN: Correct, Your Honor.

9 THE COURT: Was he connected with  
10 Lemon Bay?

11 MR. BROWN: No, Your Honor.

12 THE COURT: Was he connected with any  
13 of the entities that were the subject of the opinion  
14 in SS&C Technologies?

15 MR. BROWN: Not as far as I know.

16 THE COURT: I gather from the papers  
17 that Lemon Bay was one of the entities in that --  
18 discussed in that opinion or was related to the  
19 entities that were discussed in that opinion; is that  
20 correct?

21 MR. BROWN: I am not a hundred percent  
22 sure, but I believe it may be the case.

23 THE COURT: You can't be sure because  
24 it keeps changing its name; right?

1 All right. So back to the scheduling  
2 order that was entered a year ago. When is the cutoff  
3 for discovery?

4 MR. BROWN: Today. Or yesterday.  
5 Fact discovery was supposed to be completed yesterday.  
6 Obviously we had -- we've been in contact with the  
7 defendants' lawyers and because that -- you know,  
8 their position was let's complete document production  
9 before we do the depositions, and document production  
10 isn't complete yet. So I felt we had an understanding  
11 that we would need to change the schedule, although  
12 there's some dispute about that. The defendants'  
13 position was we could change the schedule for the  
14 depositions but not for the document production, which  
15 honestly I didn't understand, because it's not -- I  
16 don't know how we can do that, because it's not  
17 complete yet. They haven't completed it.

18 MR. STONE: Your Honor, it's Alan  
19 Stone. May I jump in?

20 THE COURT: Yes.

21 MR. STONE: Your Honor, I -- I really  
22 disagree with what Mr. Brown has recounted with  
23 respect to the history of this case. The fact is that  
24 11 months ago or -- or so we did enter into this

1 stipulated scheduling order which -- which was  
2 initiated. At the time the plaintiffs were pushing  
3 for a more aggressive schedule. We told them that  
4 because of the -- the nature of international travel  
5 and the like with respect to depositions, they might  
6 want to give themselves a little bit more breathing  
7 room; and, as a result, we chose June 30th, 2009, as  
8 the fact discovery cutoff.

9               Really, you know, less than six weeks  
10 before that cutoff, they noticed depositions for the  
11 first time for the last two weeks of the discovery  
12 period. And they noticed them, of course, for  
13 Wilmington, and -- and this dispute about the place of  
14 depositions ensued.

15               But they haven't asked for relief from  
16 the scheduling order. We have not agreed to any such  
17 relief from the scheduling order. And it's our  
18 position, our initial position that these depositions  
19 shouldn't happen at all, that they've had four and a  
20 half years to take depositions in this case. We  
21 completed our document production months ago. And by  
22 "we" I mean Americas Mining and the individual  
23 defendants whom we represent.

24               So, you know, it's our position that

1 what we ought to do now is, they ought to file their  
2 expert file, we'll file our expert report. We'll file  
3 summary judgment motions, if that's appropriate,  
4 and -- and go to trial. There's just no excuse on  
5 their side for not having prosecuted this case,  
6 particularly in the last 11 months. And I'm not even  
7 going to go into the back and forth that happened  
8 before that, but there were long periods of dormancy.  
9 And yes, there were a couple of forays into the  
10 settlement area, but it was -- it was very clear very  
11 quickly that those were going to be nonproductive.

12                   So I don't know if Your Honor wants me  
13 to continue on the issue of the place of depositions  
14 or not.

15                   THE COURT: Yes, I do.

16                   MR. STONE: Okay. I think as  
17 Mr. Brown acknowledges, the general rule is that  
18 nonresident defendants are to be deposed in their  
19 place of residence; and they're really asking for the  
20 Court to exercise discretion to make an exception to  
21 that rule. Their case law really doesn't help them.  
22 They -- they've cited some cases involving 30(b)(6)  
23 witnesses who are brought to the principal place of  
24 business for depositions. Well, these are not

1 30(b)(6) witnesses, No. 1; and No. 2, the principal  
2 place of business of Southern Copper Corporation is  
3 clearly Lima, Peru. It is not Arizona and it's not  
4 Delaware.

5 But even if one follows the lead of  
6 those cases that -- that they cited, the plaintiffs  
7 just have the equation completely wrong. I mean,  
8 their complaint essentially is that they're going to  
9 have to corral boxes and interpreters through customs  
10 and immigration and -- and that it -- it's a big  
11 production to go down to -- to Lima or to Mexico City  
12 to take depositions.

13 The -- the Dalton case that they rely  
14 on most heavily involved a single witness, and the  
15 question was whether that witness ought to be  
16 compelled to come from St. Louis to Wilmington for a  
17 deposition. And the Court noted in that case it was  
18 easier for one person to travel than the three or four  
19 lawyers who were going to have to travel.

20 Here, we've got 11 witnesses, some in  
21 Mexico and some in Peru. We certainly will endeavor,  
22 if these depositions are to go forward, to minimize  
23 the number of trips; but in -- in fact, it's much  
24 easier for all of us to go down there and take three



1 or four depositions at a time than to have each of  
2 those witnesses fly up. And, frankly, it's extremely  
3 disruptive to the company to have all these executives  
4 flying up to Wilmington or Arizona, for that matter,  
5 for their depositions.

6 So we think the Dalton exception  
7 really doesn't -- doesn't hold up and -- and the logic  
8 that Vice Chancellor Hartnett exercised in that case  
9 doesn't apply.

10 And finally, Your Honor, we -- we do  
11 think that delay is relevant here. The plaintiffs are  
12 essentially appealing to the discretion of the Court  
13 under circumstances where they've been far from  
14 diligent. They -- they have really just sat on this  
15 case. Every once in awhile there's -- there's some  
16 activity. They haven't pushed diligently forward with  
17 it. We have, from our standpoint, been very  
18 cooperative.

19 So it's our position, Your Honor, that  
20 the depositions really shouldn't occur at all; but if  
21 they do occur, then they should occur in Mexico and  
22 Peru.

23 THE COURT: Mr. Brown, when you --  
24 when you were speaking before, you said that the

1 document production isn't yet complete; but in his  
2 presentation Mr. Stone said that his clients -- in any  
3 event, production of documents has been complete for a  
4 couple months. So what -- what are you talking about?

5 MR. BROWN: Right. I believe he's  
6 taking the position that his document production is  
7 complete. The special committee defendants are the  
8 ones we're waiting for.

9 MR. DiCAMILLO: Your Honor, this is  
10 Mr. DiCamillo. The special committee defendants'  
11 document production was substantially completed  
12 earlier this month. The plaintiffs are receiving our  
13 final documents today.

14 THE COURT: You must have meant last  
15 month.

16 MR. DiCAMILLO: I did, Your Honor.  
17 I'm sorry. Earlier in June.

18 THE COURT: Right. All right. Look,  
19 it seems clear to me you're going to have to push the  
20 schedule. Firstly, I think I want to talk about how  
21 much time is needed to push the schedule.

22 Mr. Brown, can you -- now that you'll  
23 get the rest of Mr. DiCamillo's documents today, is  
24 there any reason why you can't complete the

1 depositions that you need to take to prepare the case  
2 by -- in 60 days?

3 MR. BROWN: No, Your Honor. From our  
4 end, there's no reason why we can't do that. I mean,  
5 I don't know whether someone is going to say oh, it's  
6 summer and people aren't available. I mean, other  
7 than that, we can do it.

8 THE COURT: It isn't summer in Peru.

9 MR. BROWN: We have -- obviously, we  
10 have our expert report, which is -- our expert is, you  
11 know, ready. So that's a component of the case. You  
12 know, obviously we'd like to have discovery completed  
13 before he finalizes his report; but, you know, that's  
14 not going to cause delay.

15 Also, the schedule is somewhat  
16 relaxed. There is a provision in there for summary  
17 judgment motions, you know, with extended briefing  
18 schedules. So there's plenty of time within the  
19 schedule to actually bump some dates and really not  
20 move the end.

21 THE COURT: There isn't any time set  
22 for the trial.

23 MR. BROWN: That's correct, Your  
24 Honor. The defendants' position was "We don't know

1 what the result of the summary judgment motions is  
2 going to be if they're filed. So let's ask for a  
3 trial at a time later."

4 THE COURT: All right. Mr. Stone, is  
5 60 days enough time or is it too much time or ...

6 MR. STONE: I think it would be enough  
7 time ordinarily, Your Honor. I am going to be in  
8 trial for the entire month, this month in Florida.  
9 And so that would mean that -- 60 days would mean all  
10 the depositions would happen in August. I guess  
11 that's doable, but it may make more sense to make it  
12 90 days.

13 THE COURT: Mr. DiCamillo, does 60 or  
14 90 days work for you?

15 MR. DiCAMILLO: I believe it does,  
16 Your Honor.

17 THE COURT: All right. I think what  
18 you should do with the schedule is just push  
19 everything 90 days so that the fact discovery will be  
20 September 30th, and so on.

21 As to the location of the depositions,  
22 I agree with the defendants that given everything  
23 that's gone on and the substantial delays that have  
24 taken place, and also taking into account the fact

1 that there are as many as 11 of these depositions that  
2 need to be taken of either the special committee  
3 representatives or other individual defendants, all of  
4 whom, other than one person, reside outside the  
5 country, either in Mexico or Peru, it seems to me to  
6 make sense for any number of reasons that these  
7 depositions should take place at -- the one in  
8 Chicago, but the others either in Mexico or Peru or, I  
9 should say, both in Mexico and Peru. It would seem to  
10 me to be sensible to make sure that those are  
11 scheduled so that all of the depositions in Peru can  
12 be taken on one trip and all the depositions in Mexico  
13 can be taken on another and even, I suppose,  
14 conceivably it could all be one extended trip south of  
15 the border.

16               So the motion filed by the plaintiffs  
17 to require that the defendants appear either in  
18 Wilmington or in Phoenix is denied.

19               Just for clarity's sake, I accept the  
20 position of the defendants that the company's actual  
21 principal place of business is in Lima, Peru. And as  
22 I've already said, more importantly, and distinguishes  
23 this case from those cited by the plaintiffs, the  
24 balance of inconvenience here seems to me to favor

1 making one or two extended overseas trips rather than  
2 requiring 11 people to leave their principal place of  
3 business and travel to the United States for the  
4 purpose of being deposed.

5 So the motion is denied.

6 I will expect the parties to submit an  
7 amended scheduling order. And when I get it, I'll  
8 enter it.

9 I can't -- I suppose I take some  
10 responsibility for the fact that apparently you were  
11 not pushed, as people usually are, to move this case  
12 along; but I have to tell you that it's an example of  
13 dilatory litigation that never leads to good results.  
14 And I can't quite strongly enough express my  
15 displeasure at how delayed this litigation has been  
16 and the fact that it wasn't prepared for trial two or  
17 three years ago.

18 MR. BROWN: Your Honor, it's Chip  
19 Brown. I take full responsibility for it. I  
20 apologize. I don't -- you know, I'm not going to give  
21 any excuses. I'm just going to say we'll do -- it  
22 won't happen as we go forward from this point on.  
23 That's the best --

24 THE COURT: I can only say, Mr. Brown,

1 whoever gets this case after I leave the bench will  
2 probably have a different point of view; but if it  
3 were me, it would color my view of the case that the  
4 plaintiffs have acted in such a thoroughly dilatory  
5 manner in its prosecution.

6                   So send me the scheduling order. The  
7 motion, as I said, for relief the plaintiffs seek is  
8 denied, and these depositions will take place either  
9 in Peru or Mexico or the one fellow in Chicago, if he  
10 wants to be deposed there; all right?

11                   MR. BROWN: Thank you, Your Honor.

12                   MR. STONE: Thank you, Your Honor.

13                   MR. HURD: Thank you, Your Honor.

14                   MR. DiCAMILLO: Thank you, Your Honor.

15                   (The proceedings adjourned at  
16 10:31 a.m.)

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CERTIFICATE

I, NEITH D. ECKER, Official Court Reporter for the Court of Chancery of the State of Delaware, do hereby certify that the foregoing pages numbered 3 through 21 contain a true and correct transcription of the proceedings as stenographically reported by me at the hearing in the above cause before the Vice Chancellor of the State of Delaware, on the date therein indicated, except for the rulings at pages 18 through 21, which were revised by the Vice Chancellor.

IN WITNESS WHEREOF I have hereunto set my hand at Wilmington, this 9th day of July 2009.

/s/ Neith D. Ecker

-----  
Official Court Reporter  
of the Chancery Court  
State of Delaware

Certificate Number: 113-PS  
Expiration: Permanent



**AMC - LEMON BAY**  
**Sanchez, Martin**

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C O N F I D E N T I A L

ATTORNEYS' EYES ONLY

IN THE COURT OF CHANCERY

OF THE STATE OF DELAWARE

Consolidated C.A. No. 961-N

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IN RE SOUTHERN PERU COPPER CORPORATION

SHAREHOLDER DERIVATIVE LITIGATION

-----x

October 21, 2009

10:41 a.m.

Videotaped Deposition of MARTIN  
SANCHEZ, taken by Plaintiffs, pursuant to  
Subpoena, held at the offices of Fried  
Frank Harris Shriver & Jacobson LLP, One  
New York Plaza, New York, New York, before  
Todd DeSimone, a Registered Professional  
Reporter and Notary Public of the State of  
New York.

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1

2 THE VIDEOGRAPHER: Good

3 morning. We are on the record. Today's

4 date is October 21st, 2009. The time on

5 the video monitor is 10:41 a.m.

6 This is the beginning of tape

7 number one in the videotaped deposition of

8 Martin Sanchez in the case of In Re

9 Southern Peru Copper Corporation

10 Shareholders Derivative Litigation,

11 Consolidated Civil Action No. 961-N. This

12 case is filed in the Court of Chancery of

13 the State of Delaware.

14 My name is Deverell Write, and

15 I represent Veritext Reporting. At this

16 time will counsel please state their

17 appearances.

18 MR. WAGNER: Michael Wagner for

19 the shareholder plaintiffs.

20 MR. MILLER: James Miller for

21 the plaintiffs.

22 MR. ZAGAR: Eric Zagar for the

23 plaintiffs.

24 MR. RENCK: Richard Renck of

25 Ashby & Geddes for Southern Peru Copper.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 MR. HENKIN: Douglas Henkin,  
3 Milbank Tweed, for Americas Mining and the  
4 insider director defendants.

5 MR. BRANDT: James Brandt of  
6 Latham & Watkins for the Special Committee  
7 defendants.

8 MS. GOLDSTEIN: Stephanie  
9 Goldstein, Fried Frank Harris Shriver &  
10 Jacobson, for Mr. Sanchez.

11 \* \* \*

12 MARTIN SANCHEZ,  
13 called as a witness, having been first  
14 duly sworn, was examined and testified  
15 as follows:

16 EXAMINATION BY MR. WAGNER:

17 Q. Hi, Mr. Sanchez. My name is  
18 Michael Wagner. As we have just put on  
19 the record, I represent the shareholder  
20 plaintiffs in this matter.

21 I was wondering if you could  
22 just summarize for me, just to get  
23 started, your educational background.

24 A. I was born in Spain, so I did  
25 all my education in Spain, and from Madrid

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 I went to the school in Madrid, and I also  
3 went to the university in Madrid. I went  
4 to a finance and economics, a place called  
5 Cunef, which is a school that belongs to  
6 the University Complutense in Madrid.

7 Q. Finance and economics, those  
8 were your focuses of study?

9 A. That's right.

10 Q. And when did you graduate from  
11 that school?

12 A. It was 1992.

13 Q. Did you begin working for  
14 Goldman Sachs immediately upon graduating  
15 from school?

16 A. That's correct.

17 Q. What was your first position at  
18 Goldman Sachs?

19 A. It was analyst.

20 Q. And where were you based?

21 A. In London.

22 Q. How long were you an analyst  
23 based in London?

24 A. It was three years. That's the  
25 typical program.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Then did you transfer to the

3 New York office of Goldman Sachs

4 thereafter?

5 A. Goldman had this mobility

6 program. So in '94 I moved to the U.S.

7 Q. You were promoted to vice

8 president at some point. Were you further

9 promoted at Goldman Sachs above the title

10 of vice president?

11 A. Yes. I was made managing

12 director, I don't recall exactly the year,

13 it was four years of this position and

14 then I think three years more that I was

15 made MD.

16 Q. You at some point became

17 co-head of Latin America mergers and

18 acquisitions for Goldman Sachs?

19 A. That's correct.

20 Q. Do you remember when you

21 obtained that position?

22 A. It probably would have been

23 in -- I left Goldman 2006. So it was

24 probably 2003. Around 2003 probably.

25 Q. And were you a managing



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 director at the time that you were

3 appointed to that position?

4 A. Yes.

5 Q. And as co-head of Latin America

6 mergers and acquisitions, could you just

7 describe for me generally your job

8 functions.

9 A. It was, first of all, my

10 responsibilities is the product, M&A. I

11 covered the entire region for Goldman,

12 which was primarily Mexico and Brazil at

13 the time, and it was pretty much supervise

14 across all sectors with the exception of

15 financial institutions, which there was a

16 separate group covering that.

17 Q. Was there any particular

18 industry in which your practice focused?

19 A. No. I mean, I was focused on

20 across several industries. I worked in

21 many industries, but my focus was product

22 more than industry.

23 Q. I'm sorry, let me back up for a

24 moment.

25 Have you ever had your

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 deposition taken before?

3 A. No.

4 Q. I would just like to go over a

5 couple of ground rules, then, to think

6 about as we move forward today.

7 I'm going to be asking you some

8 questions. You are going to be answering

9 them to the best of your recollection.

10 A. Sure.

11 Q. Additionally, while the court

12 reporter is very good, it is very

13 difficult to take down simultaneous

14 conversation. So to make sure we have an

15 accurate record, I would ask you to please

16 wait for me to finish my question before

17 you proceed to answer it. At the same

18 time, I will try to wait for you to answer

19 your question before I ask you the next

20 one. There is just a tendency in human

21 conversation to speak over one another. I

22 just wanted to highlight that.

23 Additionally, all your

24 responses have to be spoken out loud. The

25 court reporter can't take down things like

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 nods of the head or a shrug of the  
3 shoulders or things like that. Make sure  
4 you verbalize all of your answers today,  
5 please.

6 Is there any medication or any  
7 other reason that you think might impact  
8 your ability to remember things today?

9 A. No.

10 Q. If you don't understand a  
11 question of mine, please ask me to clarify  
12 it. I would be happy to do so.

13 A. Sure.

14 Q. I'm not looking to confuse you  
15 here. If you need a break, please let us  
16 know. I'm happy to take a break at any  
17 time. I will try to take a break about  
18 once an hour just for everyone to stretch  
19 their legs. But if you would like to take  
20 a break beforehand, that is fine. I just  
21 ask that you do so after you have answered  
22 the last question that I've asked.

23 A. Okay.

24 Q. Do you have any questions  
25 before we proceed?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. No.

3 Q. How does Goldman get hired by  
4 companies?

5 MR. BRANDT: I object to the  
6 form.

7 MS. GOLDSTEIN: I object to the  
8 form.

9 Q. Did Goldman Sachs get hired by  
10 companies when you were a managing  
11 director at Goldman Sachs?

12 A. I don't understand the  
13 question. Could you repeat it again?

14 Q. Sure.  
15 Did Goldman Sachs get hired by  
16 companies to perform financial services  
17 for those companies while you were at  
18 Goldman Sachs?

19 A. Sure.

20 Q. And are you familiar with the  
21 process by which Goldman Sachs might have  
22 been selected to be retained by companies?

23 MR. BRANDT: I object to the  
24 form.

25 MS. GOLDSTEIN: I object to the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 form.

3 Q. You may answer the question.

4 MS. GOLDSTEIN: You can answer

5 if you understand it.

6 MR. HENKIN: Can we just have

7 an agreement that an objection by any of

8 us counts for all?

9 MR. WAGNER: Absolutely.

10 Q. You can answer my question if

11 you understand it.

12 I was asking you if you are

13 familiar with the process by which Goldman

14 Sachs gets retained by companies to

15 provide services for those companies.

16 A. It depends on many different

17 situations, because clients ask for

18 different things.

19 Q. Have you been in a situation

20 before when you were working at Goldman

21 Sachs where Goldman was competing with

22 other investment banks to provide services

23 for a particular company?

24 A. Sure.

25 Q. And what generally would happen

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 in those circumstances?

3 MS. GOLDSTEIN: I object to

4 form.

5 A. I mean, in what sense?

6 Q. Well, how would you try to

7 pitch Goldman Sachs' services to the

8 company?

9 MR. BRANDT: I object to the

10 form.

11 MS. GOLDSTEIN: I object to the

12 form.

13 Q. You can go ahead and answer the

14 question.

15 I'm sorry, when counsel objects

16 to the form, they are stating formal

17 objections to the form of the question

18 that will be later addressed by the judge

19 in this case. But you are free to go

20 ahead and answer the question.

21 MS. GOLDSTEIN: You can answer.

22 Q. Just to clarify, there is only

23 really one basis on which you can refuse

24 to answer a question today, and that's if

25 the matter involves the attorney-client

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 privilege.

3 A. Could you repeat the question?

4 I'm sorry. Because I got distracted.

5 Q. Sure.

6 How did Goldman Sachs generally

7 try to pitch its services to a company who

8 was seeking it to provide services to?

9 A. It is normally based on our

10 values, on our reputation, on our

11 credentials, on our expertise.

12 Q. Would you provide presentations

13 to those companies as an effort to pitch

14 the Goldman Sachs services?

15 A. It depends on the situations.

16 Q. Do you recall the transaction

17 that Goldman Sachs worked on with respect

18 to Southern Peru Copper Corporation and

19 Minera Mexico?

20 A. I recall some aspects of it.

21 It was done many years ago. As you know,

22 we work on many different deals. But I

23 recall some aspects of it.

24 Q. What did you do in preparation

25 for today? What did you do to prepare for

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 your deposition?

3 A. I had a discussion with my

4 attorney yesterday.

5 Q. And how long was that

6 discussion?

7 A. It was three hours, four hours.

8 Q. And were you shown any

9 documents in the course of that

10 discussion?

11 A. I was shown some of the

12 presentations that Goldman had put

13 together in the past.

14 Q. Presentations that were made to

15 the Special Committee of Southern Peru's

16 board of directors?

17 A. Yes.

18 Q. And were you shown any other

19 documents that you can recall?

20 A. There were some board minutes

21 that were shown to me, but I didn't go

22 through them.

23 Q. Anything else you can remember

24 looking at in terms of documentation

25 yesterday?



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. I think those were the more

3 important things.

4 Q. Do you recall whether Southern

5 Peru made presentations to -- excuse me,

6 whether Goldman Sachs made presentations

7 to Southern Peru's Special Committee in an

8 effort for Goldman Sachs to provide

9 services to the Special Committee?

10 A. Yes.

11 Q. Typically how many

12 presentations -- if Goldman Sachs were to

13 provide presentations in an effort to

14 pitch its services, how many presentations

15 generally would you say Goldman Sachs

16 would have to make in order to pitch its

17 services?

18 MS. GOLDSTEIN: I object to

19 form.

20 MR. BRANDT: I object to form.

21 MS. GOLDSTEIN: For all of

22 Goldman Sachs over --

23 MR. WAGNER: I'm asking in his

24 experience.

25 Q. All the questions I'm asking

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 you today is from your personal experience

3 at Goldman Sachs, just so we are clear.

4 A. It depends on the situations.

5 It depends on what the client is asking

6 for. It depends whether they want to talk

7 to the bank more than once or not. So

8 there is no -- there are no specific

9 rules.

10 Q. Do you know whether Goldman

11 Sachs had performed services for the

12 Special Committee before seeking to

13 perform services for the Special Committee

14 in connection with the transaction?

15 MR. BRANDT: I object to the

16 form. This Special Committee, this

17 particular one?

18 MR. WAGNER: A special

19 committee of Southern Peru, let's say.

20 A. Of Southern Peru?

21 Q. Of Southern Peru.

22 MS. GOLDSTEIN: Could you just

23 restate the question? Because now I'm

24 confused.

25 MR. WAGNER: Sure, no problem.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Had Goldman Sachs performed  
3 services for Southern Peru before Goldman  
4 Sachs sought to provide services to  
5 Southern Peru's Special Committee in  
6 connection with this transaction?

7 A. I don't recall if we had  
8 performed services before.

9 Q. Are you aware of any services  
10 that Goldman Sachs performed for Grupo  
11 Mexico before it performed services for  
12 the Southern Peru Special Committee?

13 A. For Grupo Mexico, I mean, I  
14 don't fully recall, but I don't think so.

15 Q. Had you ever had any contact  
16 with Grupo Mexico before this transaction?

17 A. No.

18 Q. Had you had any contact, to the  
19 best of your knowledge, with any  
20 subsidiary of Grupo Mexico before this  
21 transaction?

22 A. No.

23 Q. Did anyone at Goldman Sachs  
24 tell you of their prior experience with  
25 Grupo Mexico or any subsidiary of Grupo

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Mexico before this transaction?

3 MR. BRANDT: I object to the

4 form.

5 A. I mean, I don't recall if

6 anyone said anything about Grupo Mexico,

7 prior experience.

8 Q. How did you learn that Goldman

9 Sachs had been retained by Southern Peru's

10 Special Committee?

11 A. I participated in the pitch for

12 the company and then we were notified that

13 we had received the mandate.

14 Q. Have you ever seen any

15 retention agreement signed by Goldman

16 Sachs in connection with this transaction?

17 A. "Retention agreement" meaning?

18 Q. Meaning written agreement

19 describing or concerning the services that

20 Goldman Sachs was to provide to the

21 Special Committee.

22 A. There was an engagement letter

23 signed that at the time I had seen.

24 Q. Do you know who signed that

25 engagement letter, who countersigned it?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Goldman Sachs I know signed it on one  
3 hand. Do you know who countersigned it on  
4 the other hand?

5 A. No.

6 Q. Were you involved in the  
7 process of trying to get the retention  
8 letter signed?

9 A. I was involved in some parts of  
10 the process. But I don't recall who  
11 signed the letter at the end.

12 Q. I just want to go over some  
13 names that appear in one of the  
14 presentations.

15 Just for the record, I'm  
16 looking at the presentation of the Special  
17 Committee. I'm not going to mark it as an  
18 exhibit, but I'm looking at the  
19 presentation to the Special Committee  
20 dated February 17th, 2004, in particular  
21 at page 6 of that presentation.

22 Who is Corrado Varoli?

23 A. Corrado Varoli was the head of  
24 Latin America at the time for Goldman. So  
25 he was ultimately my boss.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. And Martin Werner, do you know  
3 who Martin Werner was?

4 A. Martin Werner, I believe he is  
5 still in Goldman, he is the head of the  
6 Mexico office.

7 Q. Was he someone to whom you  
8 reported as well?

9 A. Not technically, because I  
10 didn't report in to the country teams. I  
11 report in to the product and in to Corrado  
12 as global head of the group.

13 Q. And who is Eugenio Garza y  
14 Garza?

15 A. Eugenio Garza y Garza, he is a  
16 professional that worked in our Mexico  
17 office.

18 Q. What in particular was his role  
19 in connection with, that you can recall,  
20 with respect to the Southern Peru  
21 transaction?

22 A. He was a member of the team, so  
23 he was involved in the team throughout the  
24 entire process. Obviously he was based in  
25 Mexico as well. So he was obviously

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 focused on this particular situation from

3 that angle as well.

4 Q. Did he provide analyses that

5 were included in the presentations that

6 were ultimately made to the Southern Peru

7 Special Committee?

8 A. He participated in the

9 evaluation of the work.

10 Q. Ana Fernandes, would you

11 generally describe her role similarly?

12 MS. GOLDSTEIN: I object to

13 form.

14 A. What was the name?

15 Q. Ana Fernandes. Do you know who

16 Ana Fernandes is?

17 A. Sure.

18 Q. Would you describe her role

19 similarly to how you just described

20 Mr. Garza y Garza's role?

21 A. Ana was more involved in the

22 analytical aspects of the deal. He was a

23 little bit more junior than Eugenio and

24 obviously he was, I mean, he was very

25 focused on the analytics.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Sofia Riva, do you know who

3 Sofia Riva is?

4 A. Sure.

5 Q. What role, if any, did she play

6 in Goldman Sachs' --

7 A. She was an analyst at the time,

8 so she was helping Ana, Eugenio and myself

9 and the rest of the team on the project.

10 Q. Was there any member of the

11 Goldman Sachs team that had any particular

12 experience in transactions involving

13 mining companies?

14 A. All of us had worked in

15 different transactions in the mining team.

16 There were also other professionals in

17 Goldman Sachs that we reached out to when

18 needed. Goldman Sachs is a global firm,

19 so we reached out to global resources when

20 required.

21 Q. What prior transactions had you

22 worked on concerning a mining company?

23 A. I worked in a few different

24 transactions. Unfortunately, those

25 transactions never materialized in our



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 sector. Some transactions happen. Some  
3 transactions don't happen. So I cannot  
4 disclose those names. But I worked with  
5 some of the relevant miners in the region.

6 MR. WAGNER: With respect,  
7 Counsel, we have a pretty good  
8 confidentiality stipulation here,  
9 including attorneys' eyes only. I don't  
10 see any need to --

11 MS. GOLDSTEIN: What is the  
12 relevance of identifying the names?

13 MR. WAGNER: So we can  
14 investigate them.

15 MS. GOLDSTEIN: How are you  
16 going to investigate nonpublic  
17 information, unless you are better at that  
18 than I am?

19 MR. WAGNER: We can investigate  
20 the nature of the companies.

21 MS. GOLDSTEIN: You can  
22 identify the names of the companies you  
23 worked for, but not any particular deal or  
24 what the consideration -- what they were  
25 actively considering.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 You can name the companies you  
3 were involved in and not beyond that, and  
4 you can designate that attorneys' eyes  
5 only.

6 MR. HENKIN: We might as well  
7 just designate the whole transcript at  
8 this point.

9 MR. WAGNER: Okay.

10 A. For example, with CVRD, which  
11 is an iron ore metals company in Brazil.

12 Q. Any other mining companies that  
13 you provided services to when you were at  
14 Goldman Sachs?

15 A. This one is the one that I  
16 think I would say I have been most  
17 involved.

18 Q. Do you know of any other  
19 companies that any other member of the  
20 team who I just mentioned, any other  
21 companies that they had worked with at  
22 Goldman Sachs?

23 A. I don't recall. I know that  
24 Eugenio had also worked on a few deals,  
25 but I don't recall exactly the deals.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. And you mentioned that Goldman  
3 Sachs has additional in-house mining  
4 expertise. Who are the individuals at  
5 Goldman Sachs who your group consulted  
6 concerning mining matters in this case?

7 A. We worked with, throughout the  
8 process, I mean, we related to some of the  
9 people that worked there at the time,  
10 Alistair Hand and others. I think it was  
11 Gareth Turner as well. I don't recall the  
12 names of the other people, because it was  
13 a long time ago.

14 Q. Did there come a time with  
15 respect to Southern Peru that Goldman  
16 Sachs decided that it needed to retain  
17 outside mining expertise to assist it in  
18 its analysis?

19 MR. BRANDT: I object to the  
20 form.

21 A. There was no particular time at  
22 which that need became apparent, other  
23 than the fact that for deals of this  
24 nature, obviously we felt that it was  
25 important to get geological expertise that

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 normally doesn't reside with people of our

3 background.

4 Q. And who did Goldman Sachs

5 retain to provide that geological

6 expertise?

7 MR. HENKIN: I object to the

8 form.

9 MR. BRANDT: I object to the

10 form.

11 A. I'm not sure Goldman Sachs

12 retained anybody.

13 Q. Do you know if Southern Peru's

14 Special Committee retained expertise to

15 help with the geological matters?

16 A. I believe Anderson & Schwab, I

17 may not have the pronunciation correct,

18 was retained in this particular

19 transaction.

20 Q. Who recommended that Anderson &

21 Schwab be retained?

22 A. This was one of, for example,

23 one of the areas in which we interacted

24 with our mining experts. We asked whether

25 there was any formal expertise in dealing

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 with mining companies, mining consultants,  
3 that would have very relevant expertise in  
4 the region. Our group suggested a few  
5 names that were provided to the Special  
6 Committee.

7 Q. Can you remember the names of  
8 the other companies who were presented to  
9 the Special Committee?

10 A. I don't remember. There was a  
11 list of several, but I don't remember the  
12 names, unfortunately.

13 Q. Did Goldman Sachs recommend  
14 that Anderson & Schwab be retained?

15 MR. BRANDT: I object to the  
16 form.

17 A. No. Goldman Sachs had a few  
18 names. I don't think there was any  
19 special recommendation.

20 Q. Had you ever worked with  
21 Anderson & Schwab before?

22 A. No.

23 Q. Do you know if any member of  
24 your team had worked with Anderson &  
25 Schwab before?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. I don't know.

3 Q. Do you know if anyone at  
4 Goldman Sachs had worked with Anderson &  
5 Schwab before?

6 A. Yes, because it was one of the  
7 firms that was recommended.

8 Q. I'm sorry, the recommendations  
9 came from Goldman Sachs' in-house  
10 geological -- I'm sorry, mining folks?

11 A. Yeah.

12 Q. For what purpose was Goldman  
13 Sachs retained by Southern Peru's Special  
14 Committee?

15 MR. BRANDT: I object to the  
16 form.

17 Q. Was there a specific purpose  
18 for which you are aware that Goldman Sachs  
19 was retained by the Special Committee?

20 A. I mean, Goldman Sachs was  
21 retained by the Special Committee to  
22 advise the Special Committee with respect  
23 to the transaction apparently that had  
24 been presented to them and to advise the  
25 committee on what was the relevant course

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 of action.

3 Q. Do you remember -- and we will  
4 get into some documents in a little bit --  
5 do you remember the general nature of the  
6 transaction?

7 A. In a nutshell, yes.

8 Q. In a nutshell, what was the  
9 general nature of it?

10 A. The transaction consisted --  
11 and once more, obviously what I'm going to  
12 describe to you is what ended up  
13 happening, because it wasn't clear in the  
14 beginning what was the nature of the  
15 transaction -- but what indeed happened is  
16 basically that Grupo Mexico contributed  
17 its two largest mines in copper to  
18 Southern Peru Copper for Southern Peru  
19 Copper stock.

20 Q. Do you know if Grupo Mexico  
21 operated those two largest mines in the  
22 name of a different company?

23 MR. HENKIN: Objection to the  
24 form.

25 A. I didn't understand the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 question, I'm sorry.

3 Q. Does the name Minera Mexico  
4 mean anything to you?

5 A. Minera Mexico, yeah, was the  
6 company that held the two biggest mines.

7 Q. So just so I'm clear, Grupo  
8 Mexico sold Southern Peru Minera Mexico  
9 and in exchange received Southern Peru  
10 stock; is that correct?

11 A. That's correct.

12 Q. You mentioned earlier that  
13 that's ultimately what happened, but it  
14 wasn't clear in the beginning what the  
15 nature of the transaction was going to be.

16 What to you was not clear when  
17 Goldman Sachs was first retained about  
18 what the transaction would be?

19 MR. BRANDT: That  
20 mischaracterizes his testimony, and I  
21 object to the form.

22 Q. Was there anything unclear to  
23 you about what the nature of the  
24 transaction would be when Goldman Sachs  
25 was retained by the Special Committee?



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. I don't recall the facts, but I  
3 remember that at the time it was not clear  
4 the exact terms of the transaction. I  
5 don't think it had been announced to the  
6 public.

7 So it was not clear exactly the  
8 terms of what Grupo Mexico was offering to  
9 Southern Peru Copper. Other than that,  
10 they were proposing a transaction to take  
11 place.

12 Q. So you weren't clear, for  
13 example, what assets Grupo Mexico sought  
14 to transfer to Southern Peru?

15 MR. HENKIN: Objection to the  
16 form.

17 A. At the time of the pitch, if  
18 that's what you are asking for --

19 Q. Sure.

20 A. At the time of the pitch, what  
21 we knew is that there was a transaction  
22 that was being contemplated. It related  
23 to Minera Mexico.

24 But I don't think it was clear  
25 what was the amount, what were the number

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 of shares to be exchanged, all the  
3 financial details behind the proposal, I  
4 don't think they were clear at the time of  
5 our presentation.

6 Q. Was it your understanding,  
7 then, that many of the terms regarding the  
8 transaction were still subject to  
9 negotiation at the time that Goldman Sachs  
10 was retained?

11 A. That's correct.

12 Q. Is it fair to say that one of  
13 the primary functions that Goldman Sachs  
14 performed in its services to the Special  
15 Committee were valuation analyses  
16 concerning Minera Mexico?

17 A. That was one of the aspects of  
18 our work.

19 Q. And was Goldman Sachs also  
20 asked to opine on the fairness of the  
21 transaction?

22 A. Ultimately we were asked to do  
23 that.

24 Q. Do you remember regarding whom  
25 Goldman Sachs was asked to opine on the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 fairness, that is, was Goldman Sachs asked

3 to opine on the fairness of the

4 transaction to Southern Peru, to Southern

5 Peru stockholders? Fair to whom, I guess

6 is the question.

7 A. Could you repeat the question

8 again? Sorry.

9 Q. Goldman Sachs was asked to

10 provide a fairness opinion; is that

11 correct?

12 A. Correct.

13 Q. And in that fairness opinion,

14 on whose behalf was Goldman Sachs opining

15 the fairness, that is, to whom was the

16 transaction supposed to be fair?

17 A. We were acting on behalf of the

18 Special Committee.

19 Q. So did Goldman Sachs opine that

20 the transaction was fair to the Special

21 Committee?

22 MS. GOLDSTEIN: I object to

23 form.

24 A. Could you restate the question?

25 I'm sorry, I don't understand.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Sure.

3 I know that Goldman Sachs was  
4 asked to provide a fairness opinion. I'm  
5 wondering, the Special Committee obviously  
6 asked you to make sure that the  
7 transaction was fair to somebody. I'm  
8 wondering to whom did the Special  
9 Committee ask you to determine the  
10 fairness.

11 A. The Special Committee was  
12 representing the minority investors of  
13 Southern Peru Copper, and obviously our  
14 job was to ultimately conclude that the  
15 transaction, which consisted of exchanging  
16 Minera Mexico shares in exchange for  
17 Southern Peru Copper, that exchange of  
18 assets and shares was fair in itself.

19 Q. Was Goldman Sachs asked to  
20 opine specifically on the fairness of the  
21 transaction to Southern Peru's minority  
22 stockholders?

23 A. Yes.

24 Q. And was Goldman Sachs also  
25 asked to opine specifically on the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 fairness of the transaction to Southern

3 Peru as an entity?

4 A. I mean, I don't recall exactly

5 the technicalities as to what we were

6 asked to opine about. But obviously the

7 Special Committee was representing the

8 minorities, and we were working for the

9 minorities as well.

10 Q. In performing valuation

11 analyses -- let's back up and talk more

12 generally when you were at Goldman Sachs.

13 When you were providing

14 valuation analyses, would Goldman Sachs

15 employ different methodologies to

16 determine a range of values for a company?

17 MS. GOLDSTEIN: Objection to

18 form.

19 A. In general?

20 Q. Yes, in general.

21 A. Yes.

22 MS. GOLDSTEIN: Are you talking

23 about different types of valuation

24 analyses?

25 MR. WAGNER: That was a generic

1       SANCHEZ - ATTORNEYS' EYES ONLY

2       question about whether they employed

3       different valuation analyses, and I think

4       his answer was yes, they employed

5       different valuation analyses.

6       Q.     What are some of the different

7       valuation analyses that Goldman Sachs

8       employed while you were working there?

9       A.     Across sectors?

10      Q.     Yes, let's go across sectors.

11      A.     It depends on the nature of the

12      deal and the sector. But you tend to look

13      at discounted cash flow analysis. You

14      look at the future predictions of a

15      particular company. You tend to look at

16      precedent deals, to look at what the

17      multiples other companies that have been

18      in that situation are. You tend to look

19      at public market comparables. Sometimes

20      if it is appropriate you can look at

21      leveraged finance analysis, if there is

22      LBO.

23             It depends, once more, on the

24      type of deal. But those are some of the

25      tools that we use, or, sorry, Goldman

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 uses.

3 Q. Where do you work today?

4 A. I work at Bank of America

5 Merrill Lynch.

6 Q. To complete your background,

7 what are your current responsibilities at

8 Bank of America?

9 A. My title is head of mergers for

10 Latin America.

11 Q. Did you join Merrill Lynch

12 before it was purchased by Bank of

13 America?

14 A. Sure.

15 Q. Is that where you -- is that

16 where you left to work when you left

17 Goldman Sachs?

18 A. That's correct.

19 Q. Is it fair to say that

20 currently at Bank of America you hold the

21 same position that Mr. Varoli did when you

22 were working at Goldman Sachs?

23 A. No. Mr. Varoli was head of

24 investment banking. I am responsible for

25 mergers and acquisitions.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. I understand. Thank you.

3 I want to talk just a little  
4 bit about discounted cash flow analyses.

5 You said that it looks to  
6 predict the future performance of a  
7 company, I think. Is that accurate, a  
8 discounted cash flow analysis?

9 A. It doesn't predict the future  
10 of the company. The discounted cash flow  
11 analysis, what it does is it looks at a  
12 set of predictions that obviously capture  
13 the current performance of the company and  
14 also what the company is expected to do in  
15 the foreseeable future and discounts back  
16 that expected performance into present  
17 value.

18 Q. And when you are doing a  
19 discounted cash flow analysis, did Goldman  
20 Sachs, or Goldman Sachs while you were  
21 working there, did Goldman Sachs typically  
22 show the value that the analysis generated  
23 for the company in a final presentation to  
24 the client?

25 MR. BRANDT: I object to the



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 form. This is not an expert witness.

3 MR. WAGNER: I'm asking him

4 what he did in his experience at Goldman

5 Sachs. I'm not asking for any expert

6 testimony.

7 MR. BRANDT: Can I hear the

8 question read back.

9 (The record was read.)

10 A. The thing was more, it depends

11 obviously on the situations, but I would

12 say that you generally show values for

13 companies. But it depends on the

14 particular situations.

15 Q. If you were to do that with the

16 DCF analysis in the final presentation,

17 would you then compare that DCF value, the

18 value that the discounted cash flow

19 analysis came up with, with the value of

20 the transaction as a measure to evaluate

21 the fairness of the transaction?

22 MS. GOLDSTEIN: I object to the

23 form.

24 MR. BRANDT: I object to the

25 form.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. Could you repeat the question

3 again? I'm sorry.

4 (The record was read.)

5 A. It depends once more on the

6 deals, because you have deals in which you

7 buy companies. You have deals in which

8 you sell companies. You have deals in

9 which you merge companies. Every single

10 deal is different.

11 If you look at a sell side of a

12 company, there is only one DCF value to

13 do, which is obviously the company you are

14 selling. If you are buying a company,

15 there is only one DCF value to do, which

16 is the company that you are buying. If

17 you merge companies, obviously what is

18 most relevant is not to look at absolute

19 values of each company, but what the

20 exchange ratio in those two companies look

21 like.

22 So at the end of the day, what

23 you need to do is basically put apples to

24 apples comparisons and look at basically

25 what is the implied exchange ratio. So

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 more than absolute value, what matters is

3 relative valuations. But, once more, it

4 depends on the type of deal that you are

5 working on.

6 Q. You just described for us a

7 number of categories of kinds of deals.

8 How would you categorize the Southern Peru

9 deal that you were working on?

10 A. The Southern Peru deal

11 ultimately was a merger in the sense

12 that -- well, not technically a merger,

13 but it was basically an exchange of shares

14 for shares in which one asset -- one

15 company was contributing to another in

16 exchange for shares.

17 Q. So in an acquisition situation

18 where one company is acquiring another

19 company or exchanging stock, as you

20 mentioned, do you recall any instances

21 where in that context that Goldman Sachs

22 did not perform a discounted cash flow

23 analysis and present the results of that

24 analysis to the client?

25 MS. GOLDSTEIN: Let me just

1        SANCHEZ - ATTORNEYS' EYES ONLY

2        interpose an objection or a statement,

3        whatever you want to call it.

4                MR. WAGNER: I'm going to

5        object to your statement. This is a

6        Delaware deposition. You may object to

7        the form.

8                MS. GOLDSTEIN: This is in New

9        York.

10               MR. WAGNER: These are under

11       the Delaware rules.

12               MS. GOLDSTEIN: It is pursuant

13       to a New York subpoena. It is not an

14       objection. It is a statement.

15               MR. WAGNER: You can't make

16       statements on the record in Delaware.

17               MS. GOLDSTEIN: Fine. Go off

18       the record. This is not a statement. It

19       is a New York deposition, okay? It was

20       noticed in New York.

21               Let me just say this right now.

22       I'm trying to be very patient here, but

23       asking a third-party witness and wasting

24       his time about things that Goldman Sachs

25       may or may not do on a general basis is a

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 total and complete waste of time.

3 MR. WAGNER: I'm not asking on  
4 a general basis. I'm asking him about his  
5 experience.

6 MS. GOLDSTEIN: He is not an  
7 expert. He is here to talk about what  
8 Goldman did in his role and what he did in  
9 acting as financial advisor to a Special  
10 Committee. We are not going to spend the  
11 entire day discussing every iteration of  
12 what investment bankers do day and night.  
13 It is inappropriate. It is harassing and  
14 it is a waste of time.

15 Ask him about what he did in  
16 this case, and if you have questions about  
17 how Goldman did its valuations and why as  
18 it relates to what they did for this  
19 Special Committee, that is fair grounds.  
20 But asking academic questions about how  
21 investment bankers do their work is really  
22 inappropriate.

23 MR. WAGNER: I'm not asking any  
24 academic questions. I'm not seeking any  
25 expert opinions here. I'm merely asking

1       SANCHEZ - ATTORNEYS' EYES ONLY

2       him to recall his work history at Goldman

3       Sachs and what he did at Goldman Sachs.

4             Hold on, I'm still talking.

5             MS. GOLDSTEIN: Finish.

6             MR. WAGNER: I didn't interrupt  
7       you.

8             MS. GOLDSTEIN: Then finish.

9             MR. WAGNER: I can proceed in  
10       this deposition any way I see fit, and I'm  
11       going to. If you want to block the  
12       deposition and if you want to terminate  
13       the deposition, then that's a matter we  
14       can take up with the Vice Chancellor and  
15       with the New York courts.

16            MS. GOLDSTEIN: You will take  
17       it up with the New York court because that  
18       is what this subpoena is noticed under. I  
19       will give you a few more minutes to ask  
20       questions about general academic  
21       investment banking issues. He is not here  
22       as your expert. Ask him about what he did  
23       in this case with respect to this  
24       committee.

25       Q.     Were you aware of any of the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 methods that Goldman Sachs used to  
3 preserve its documents after its retention  
4 in the Southern Peru matter became over?

5 A. No.

6 Q. So if there are analyses that  
7 were performed, you have no idea how  
8 Goldman Sachs might maintain those files?

9 A. Those specific files?

10 Q. Yes.

11 A. I mean, I don't know what was  
12 done in this particular situation. I  
13 don't recall exactly what was done. Other  
14 than to say that obviously Goldman Sachs  
15 is very careful on these matters.

16 MR. WAGNER: Why don't we take  
17 a little bit of a break while we pull all  
18 these documents out of the binders and get  
19 everyone a copy.

20 THE VIDEOGRAPHER: The time on  
21 the video monitor is 11:20 a.m. We are  
22 off the record.

23 (Recess taken.)

24 THE VIDEOGRAPHER: We are back  
25 on the record. The time on the video

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 monitor is 11:27 a.m.

3 BY MR. WAGNER:

4 Q. Mr. Sanchez, I would like to

5 show you a document that has been marked

6 for identification purposes as Plaintiffs'

7 Exhibit 300.

8 (Plaintiffs' Exhibit 300 marked

9 for identification.)

10 MR. WAGNER: This is tab 42,

11 for everybody with binders.

12 MR. HENKIN: Is this something

13 that has been previously marked?

14 MR. WAGNER: I'm sorry, this is

15 now Plaintiffs' No. 300.

16 MR. HENKIN: But was it

17 previously marked?

18 MR. WAGNER: I'm not aware if

19 it was marked or not. To be safe, I'm

20 going to mark it again.

21 MR. HENKIN: All right.

22 MR. WAGNER: I also don't plan

23 on using an enormous quantity of documents

24 today. To the extent there is

25 duplication, I hope it is minimal.



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 For the record, Plaintiffs' No.

3 300 is a document beginning with Bates

4 number SP COMM 003722.

5 Q. Mr. Sanchez, I ask you if you

6 have ever seen this document before. Take

7 your time to look through it and

8 familiarize yourself -- or refamiliarize

9 yourself with its contents.

10 (Witness perusing document.)

11 A. Yes, I have seen this document.

12 Q. Do you recognize this as the

13 final presentation that Goldman Sachs made

14 to the Southern Peru Special Committee

15 with respect to the transaction involving

16 Minera Mexico?

17 A. I think so, because I think

18 that was the date, yeah.

19 Q. Turning to numbered page 2 of

20 this document, which is a few pages in, it

21 is headed "Analysis of Financial Aspects

22 of Transaction."

23 Do I read this correctly as

24 saying that the implied market

25 capitalization of Southern Peru at the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 time of this document is \$3.714 billion?

3 A. That's correct.

4 Q. And that's based on the share

5 price as of October 18th, 2004; is that

6 correct?

7 A. That's correct.

8 Q. Do you agree after making some

9 deductions that are set forth on here --

10 I'm sorry, after including net debt and

11 minority interest, that the implied

12 enterprise value of Southern Peru, based

13 on the market value of its shares, is

14 about \$3.699 billion?

15 A. That's correct.

16 Q. Moving down the page to the

17 subheading "MM Valuation," the implied

18 equity value for Minera Mexico is listed

19 there as \$3.148 billion; is that correct?

20 A. That is correct.

21 Q. And that's the implied equity

22 value for Minera Mexico based on Southern

23 Peru's issuance of \$67.2 million in

24 exchange for Minera; is that correct?

25 A. That's correct.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 MR. HENKIN: Objection to form.

3 Shares?

4 MR. WAGNER: I'm sorry, shares.

5 A. Yes.

6 Q. And the implied enterprise

7 value of Minera Mexico, that's \$4.148

8 billion; is that correct?

9 A. That's correct.

10 Q. Let's move to page 13 of this

11 document. It is a few pages in. It is

12 highlighted -- excuse me, it is headed

13 "Common Stock Comparison as of October 18,

14 2004."

15 Looking at this page, would you

16 agree that it shows the enterprise value

17 multiples for publicly traded companies

18 comparable to Minera Mexico?

19 MR. HENKIN: Objection to the

20 form.

21 A. These are the companies that

22 operate in a similar space. They have not

23 exactly the same metal profile, but most

24 of them are copper players, yeah. But

25 they are, you would say, comparable to

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Southern Peru Copper or Grupo.

3 Q. How did Goldman Sachs come up  
4 with this list of companies; do you know?

5 A. The way we came up with this  
6 list of companies, looking at companies  
7 that have as much exposure as possible to  
8 Latin America, which is where both Grupo  
9 and Southern Peru operate, and, second of  
10 all, that they have similar -- I mean, as  
11 close as possible in terms of a similar  
12 metal exposure.

13 Q. And the enterprise value  
14 multiples that are set forth here, I just  
15 want to make sure I'm reading this right,  
16 they reflect a market value per share that  
17 the market has ascribed to each company;  
18 is that right?

19 A. I couldn't understand the  
20 question. I'm sorry. Could you rephrase  
21 it?

22 Q. The enterprise value multiples  
23 that appear on this page, they reflect --  
24 I just want to make sure that I'm reading  
25 this right -- they reflect the per share

1        SANCHEZ - ATTORNEYS' EYES ONLY

2        value that the market is ascribing to each

3        of these companies?

4                MR. HENKIN: I object to the

5        form.

6                MR. BRANDT: I object to the

7        form.

8        A.     Not exactly. Obviously it

9        depends on which multiples you focus on.

10       But I don't know if you are focusing on

11       sales or EBITDA or EBIT.

12               If you want to focus, for

13       example, just for illustrative purposes,

14       on sales, what this tells you is the way

15       the market values each unit of sales or

16       each unit of EBITDA or each unit of EBIT

17       depending on which multiple you are

18       focusing on.

19       Q.     Let's make sure we understand

20       what we are talking about. When you say

21       "multiples of sales," what do you mean by

22       that?

23       A.     Well, the way it is described

24       on this page, you get the column of

25       enterprise value. For example, let's pick

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Antofagasta. It says enterprise value is  
3 4490, so \$4.5 billion. Then what you do  
4 is divide by the implied sales of  
5 Antofagasta at each of these time periods.  
6 LTM stands for latest twelve months of  
7 2004 and 2005.

8 Then you divide that value by  
9 the sales as of that period of time and  
10 that's what you get as a multiple.

11 Q. And what does, just so we all  
12 know, what does EBITDA stand for?

13 A. EBITDA is EBIT before interest,  
14 taxes, depreciation, amortization.

15 Q. And what does EBIT stand for?

16 A. It is earnings before interest  
17 and taxes.

18 Q. What does LTM margins, I know  
19 it is last twelve months, what do those  
20 two columns indicate?

21 A. It is basically the  
22 profitability that each of these companies  
23 have at the EBITDA line. So, for example,  
24 you divide EBITDA by the sales of each of  
25 these companies and it gives the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 profitability. If you look at EBIT, it

3 tells you the profitability under that

4 metric.

5 Q. And the enterprise value based

6 on EBITDA for Southern Peru Copper in 2005

7 is 5.5; is that correct?

8 MR. HENKIN: Objection to the

9 form.

10 A. For which year, sorry?

11 Q. 2005.

12 A. In 2005, that's correct, yes.

13 Q. Of all the companies shown, in

14 fact, that's the maximum enterprise value

15 in 2005 using the metric EBITDA; is that

16 correct?

17 MR. HENKIN: Objection to the

18 form. Misstates the document.

19 A. It is basically all of them

20 trade in a very tight range. It is very

21 close to Antofagasta. According to the

22 sample, 5.5 is the higher of the spectrum

23 of numbers, that's correct.

24 Q. Did Goldman Sachs believe

25 generally that employing these multiples

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 might provide indications of the value of

3 Minera Mexico?

4 MR. HENKIN: Objection to the

5 form.

6 A. This multiple is basically one

7 angle to look at of values, as I indicated

8 before.

9 In this particular case, the

10 way to properly value these companies is

11 based on the potential that each of them

12 have. These are pretty much more static

13 metrics that focus on a point in time as

14 opposed to what the companies are expected

15 to do in the future.

16 Q. All right, so I think I know

17 the answer to this question, but let me

18 just make sure.

19 Did Goldman Sachs incorporate

20 any of the multiples that appear on this

21 page in estimating the value of Minera

22 Mexico?

23 A. We looked at these multiples as

24 part of the overall valuation exercise.

25 That's why this page is in the book.



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. What enterprise value multiples  
3 did Goldman Sachs conclude upon for Minera  
4 Mexico?

5 MR. HENKIN: Objection to the  
6 form.

7 A. We didn't conclude any implied  
8 enterprise value multiple for Minera  
9 Mexico. I mean, for Minera Mexico, I  
10 mean, we focused on the value in both  
11 companies on a similar basis and basically  
12 what would be the implied exchange ratio.  
13 That exchange ratio could lead to a  
14 multiple. But the focus was not on a  
15 particular multiple.

16 Q. In valuing Minera Mexico, did  
17 Goldman Sachs employ any multiple other  
18 than the ones implied by Southern Peru  
19 Copper's performance under the various  
20 metrics?

21 MR. HENKIN: I object to the  
22 form.

23 MR. BRANDT: I object to the  
24 form.

25 A. Could you repeat the question?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Because I don't understand it.

3 Q. In analyzing the value of  
4 Minera Mexico, did Goldman Sachs employ  
5 any enterprise value multiple other than  
6 those implied by Southern Peru Copper's  
7 performance as indicated on this page 13  
8 of --

9 A. When --

10 MR. BRANDT: Hang on. I object  
11 to the form. Go ahead.

12 A. When we looked at the value of  
13 Minera Mexico, we didn't look at a  
14 specific multiple. The multiple is  
15 basically the result of the valuation  
16 exercise.

17 What we focused on was  
18 basically what these two companies could  
19 do on their own in terms of their life of  
20 mine, and then that value gets put into  
21 perspective with respect to the multiples.  
22 But there was no particular multiple  
23 applied to Minera Mexico.

24 Q. Okay.

25 Let's turn to page 24 of this

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 document, please. Do you recognize this

3 page, titled "Contribution Analysis at

4 Different EBITDA Scenarios"?

5 A. Yes.

6 Q. Would you agree that Goldman

7 Sachs on this page is presenting a summary

8 of the implied number of Southern Peru

9 shares to be issued based on the

10 respective values of Southern Peru and

11 Minera Mexico using 2004 and 2005 implied

12 EBITDA multiples of Southern Peru?

13 MR. HENKIN: Objection to the

14 form.

15 A. In this analysis, that's what

16 we are doing, that's correct.

17 Q. And am I reading this correctly

18 by saying that including 100 percent of

19 the present value of tax benefits, the

20 range of implied Southern Peru shares to

21 be issued based on the 2004 multiples is

22 between 45 million and 56 million shares?

23 A. You are looking at the first

24 column?

25 Q. Yes. I'm looking at the first

1        SANCHEZ - ATTORNEYS' EYES ONLY

2        two rows and the column with "100 percent

3        inclusion of present value of tax

4        benefits."

5        A.     That is correct. If you look

6        at 2004 estimate, financial performance

7        alone, and you look at 100 percent, that's

8        correct, it is 45 to 56.

9        Q.     Did Goldman Sachs -- let's go

10       back.

11                The range of 45 million to 56

12       million shares is below the number of

13       shares stated on page 2 of this document

14       of 67.2 million shares.

15       A.     That's correct.

16       Q.     Did Goldman Sachs attempt to

17       reconcile the difference?

18       A.     It is different perspectives.

19       Once more, this analysis on page 24 looks

20       at the static view of these companies.

21                Basically what it is showing is

22       if you were to apply, as you said,

23       different multiples of EBITDA to different

24       metrics of both companies based on the

25       current performance of the companies, this

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 is basically what it implies in terms of  
3 number of shares.

4 This analysis does not capture  
5 what is the expected performance of both  
6 Southern Peru Copper and Minera Mexico.

7 Q. And just so I'm clear, because  
8 of that Goldman Sachs made no attempt to  
9 reconcile the difference between the 45  
10 and 56 million share range here on page 24  
11 and the 67.2 million share number set  
12 forth on page 2?

13 MS. GOLDSTEIN: I object to the  
14 form.

15 MR. BRANDT: What do you mean  
16 by "reconcile"? Like in an accounting  
17 sense? I object to the form. I'm just  
18 not sure what you mean.

19 A. There was nothing to reconcile  
20 in the sense that these numbers speak to  
21 different metrics.

22 For example, if you were to  
23 pick up, instead of 2004 estimated, you  
24 would pick up 2005, the ranges would be  
25 from 64 to 73. This is a point in time in

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 financial performance. And 2005 is a  
3 another point in time in financial  
4 performance. They are different ways to  
5 look at a combination.

6 Q. Under the "2005 Estimated"  
7 heading -- I assume that's what "2005 E"  
8 means; is that correct?

9 A. Estimate, yes, that's correct.

10 Q. Under those, it looks like the  
11 range of multiples is between 6.3 and 6.5  
12 times EBITDA of Southern Peru; is that  
13 right?

14 A. If you pick some of those, yes,  
15 that's correct.

16 Q. Do you know why the multiples  
17 increased so markedly -- can you tell from  
18 this document why the EBITDA multiples  
19 increased so markedly from 2004 to 2005?

20 MS. GOLDSTEIN: I object to  
21 form.

22 A. I don't recall exactly the  
23 underlying reasons as to why the multiples  
24 increased, other than Southern Peru  
25 Copper, one of the challenges that they

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 were facing is that their ore grade body  
3 was reducing its grades, and that was not  
4 the case with Minera Mexico and Cananea.

5 Q. When you say "ore grade body,"  
6 what do you mean by that? I just don't  
7 understand the term.

8 A. What it means is that for  
9 mining companies, it is very important the  
10 grade of the minerals you have  
11 underground. So the higher the grade,  
12 obviously the less effort you need to  
13 extract it, therefore, the highest  
14 profitability you can achieve.

15 One of the issues that Southern  
16 Peru was facing at the time is that  
17 because of the way the mine was  
18 configured, their ore grades were coming  
19 down, and that was not the case with  
20 Cananea for Minera Mexico.

21 There may be other issues. I  
22 don't recall. But that is one that I  
23 recall as to why EBITDAs were coming down.

24 Q. And would you agree that the  
25 concept of ore grade has a bearing on the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 valuation of a mining company?

3 A. Sure.

4 Q. Looking at this page 24, do you

5 think it is fair to say that the increase

6 in multiples between 2004 and 2005 is

7 largely attributable to the decreases in

8 EBITDA between 2004 and 2005 for Southern

9 Peru?

10 A. That's correct. Because the

11 way these multiples are calculated is you

12 have the valuation of the company. In

13 this case, it was as of the date of this

14 presentation. Obviously the EBITDA is

15 coming down. The denominator is coming

16 down. So, by definition, if the numerator

17 stays flat, the multiple goes up, so

18 that's correct.

19 Q. I can see that there are EBITDA

20 estimates or implied EBITDA multiples.

21 Based on scenarios, it looks like three

22 scenarios that were generated I guess in

23 part through work by Anderson & Schwab,

24 also some Wall Street research, and

25 management estimates.



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 What Wall Street research was  
3 looked at in this context? Is that  
4 reflected in footnote 6 down at the bottom  
5 of the page?

6 A. It is reflected. The research  
7 that I was considering was the ones that  
8 was available for us to consider.

9 Q. Just so I'm clear, the Wall  
10 Street analysts were estimating higher  
11 EBITDA for Southern Peru in 2005 than were  
12 projected by the management scenarios and  
13 the Anderson & Schwab scenarios; is that  
14 correct?

15 MR. HENKIN: Objection to the  
16 form.

17 A. That is correct.

18 Q. And I note that the implied  
19 EBITDA multiples under the 2005 scenarios,  
20 apart from the Wall Street research, are  
21 generally above the 5.5 EBITDA multiple  
22 for 2005 that's listed on page 13 of this  
23 same document.

24 I guess my question is, did  
25 Goldman Sachs go back and try to reconcile

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 those numbers?

3 A. I'm sorry, which page are you

4 comparing?

5 Q. Sure.

6 If you look at page 13 and sort

7 of flip back and forth between these two

8 pages, on page 13, for 2005, the EBITDA

9 multiple for Southern Peru is 5.5. But on

10 page 24, the EBITDA multiples for 2005,

11 based on management scenarios and Anderson

12 & Schwab scenarios, are all 6.3 to 6.5.

13 Was there any attempt made to

14 reconcile those different enterprise value

15 multiples?

16 MR. HENKIN: Objection to the

17 form.

18 MS. GOLDSTEIN: Objection to

19 the form.

20 MR. HENKIN: Misstates the

21 document.

22 A. Yeah, these multiples are in

23 line with Wall Street research, which is

24 the metric that is basically -- in page

25 13, if we step back, we are trying -- we

1        SANCHEZ - ATTORNEYS' EYES ONLY

2        are trying to compare the companies based

3        on public information.

4                So the information that was

5        public for each of the companies was what

6        consensus published or Wall Street

7        research published that is available for

8        everybody. That would compare with the

9        multiple, essentially the same on the last

10       line on page 24.

11               The other multiples are based

12       on nonpublic information that was derived

13       from the due diligence that was done as

14       part of this transaction. That

15       information was not privy to the public.

16       Q.     On page 26, just so I'm clear,

17       the implied EBITDA multiples coming from

18       the Anderson & Schwab scenarios and the

19       management scenarios, those EBITDA

20       multiples were derived from Goldman Sachs'

21       discounted cash flow models; is that

22       correct?

23               MR. HENKIN: Page 26 or page

24       24?

25               MR. WAGNER: I'm sorry, page

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 24.

3 Q. My apologies, page 24.

4 A. Could you say that again? I'm  
5 sorry.

6 Q. Sure.

7 The Anderson & Schwab scenarios  
8 and the management scenarios and the  
9 implied EBITDA multiples deriving from  
10 those scenarios, would you agree that  
11 those EBITDA multiples were the product of  
12 Goldman Sachs' discounted cash flow  
13 models?

14 MR. HENKIN: Objection to the  
15 form.

16 A. These EBITDA numbers come from  
17 the model that was presented to us by the  
18 technical consultants that worked with  
19 both Minera Mexico and Southern Peru  
20 Copper, and they were further adjusted  
21 from the input by Anderson & Schwab.

22 Q. I'm not understanding.

23 Anderson & Schwab, for example,  
24 on the top case, 1 percent of sales  
25 royalty indicate that the implied SPCC

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 EBITDA multiple is 6.3?

3 A. No.

4 The EBITDA multiple is the

5 outcome of the EBITDA number. The EBITDA

6 number is the one that is coming from the

7 models that were a result of due diligence

8 and also that had the input of Anderson &

9 Schwab.

10 But the multiple is the

11 result --

12 Q. The result of Goldman Sachs'

13 discounted cash flow analysis; is that

14 correct?

15 MR. HENKIN: Objection to the

16 form.

17 A. The result -- the discounted

18 cash flow analysis goes for many, many

19 years. This is the first year of the cash

20 flow analysis.

21 Q. Okay. I think we are on the

22 same page.

23 Let's take a look at page 16 of

24 this document. It is entitled "Discussion

25 of MM Projections."

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Just so I'm clear, I think it

3 is clear, but MM, that means Minera

4 Mexico?

5 A. That's correct.

6 Q. Would you agree that the

7 considerations on this page applied to

8 Goldman Sachs' discounted cash flow model

9 for Minera?

10 A. These considerations applied to

11 the discounted -- not discounted --

12 applies to basically the life of mine

13 model that was used for the valuation of

14 Minera, that's correct.

15 Q. And flipping to page 18, I

16 guess the same question, would you agree

17 that the considerations on this page apply

18 to Goldman Sachs' DCF model for Southern

19 Peru?

20 A. Once more, these were

21 adjustments that were applied to the

22 Southern Peru Copper projection model,

23 that's correct.

24 Q. Let's take a look at another

25 document here. It is tab 35. This is No.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 301.

3 (Plaintiffs' Exhibit 301 marked  
4 for identification.)

5 Q. Let's go to page 26 of this  
6 document, please.

7 Before we do that, can you  
8 describe generally for me what your  
9 understanding is that this document is,  
10 No. 301.

11 A. Let me look at it.

12 (Witness perusing document.)

13 A. I don't recall all the  
14 presentations that we presented for the  
15 committee, because there were several of  
16 them.

17 But my understanding is that  
18 this is an update to the committee of the  
19 status of our work at this time in the  
20 project.

21 Q. Let's now turn to page 26, if  
22 we can.

23 A. Yeah.

24 Q. We are going to flip between  
25 page 26 of this document and page 16 of

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 the document, of the other document that  
3 you have there.

4 Under the Projections topic --

5 MR. BRANDT: Could you just  
6 hang on one second. Let me catch up.

7 MR. WAGNER: Sure.

8 Q. Under the Projections topic  
9 in -- I will call -- just so we are clear,  
10 I'm going to call the second document I  
11 gave you the July 8th presentation and the  
12 first document that I gave you the October  
13 21st presentation.

14 A. Okay.

15 Q. Now, in the July 8th  
16 presentation on page 26, under the  
17 Projections heading, it indicates that  
18 Caridad -- and that's one of Minera  
19 Mexico's mines; is that correct?

20 A. That's correct.

21 Q. And it indicates that the mine  
22 is supposed to close in 2061.

23 And in the October presentation  
24 on page 16, under the Projections tab, it  
25 indicates that Caridad is supposed to



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 close 12 years earlier, in 2049.

3 Do you know the reason for the  
4 projected change in Caridad's closing  
5 date?

6 MS. GOLDSTEIN: It also  
7 misstates exactly what's in the July  
8 document. There are two closing dates  
9 given.

10 MR. WAGNER: I'm talking about  
11 Caridad, not Cananea.

12 A. Once more, this happened a few  
13 years ago, so I don't fully recall all the  
14 details.

15 What happened is that when we  
16 did additional work on this transaction  
17 with the input of Anderson & Schwab, we  
18 were not comfortable that Caridad would be  
19 able to go that long in their life of  
20 mine. So we felt that their life of mine  
21 should be shorter than otherwise indicated  
22 by the management of Minera Mexico. That  
23 ultimately would have resulted in a lower  
24 value for Minera and it would have been  
25 better, obviously, for Southern Peru

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Copper.

3 That's why the life of mine was  
4 shortened, because we were not  
5 comfortable, with Anderson & Schwab's  
6 input, that the mine could be run that  
7 long.

8 Q. Were there any other views of  
9 Anderson & Schwab with which you can  
10 recall sitting here right now Goldman  
11 Sachs was not comfortable?

12 MR. BRANDT: I object to the  
13 form. That's not what he said.

14 A. That we were not comfortable  
15 with what had been represented by Minera  
16 Mexico with respect to the length of the  
17 life of mine. So we were not comfortable  
18 with that.

19 The expectancy of the mine and  
20 therefore the ability of the mine to make  
21 money was shortened by the difference that  
22 you mentioned. So it was shortened from  
23 2061 to 2049.

24 Q. I'm sorry, do these two  
25 documents indicate that those closing

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 dates are based on anything other than  
3 Minera Mexico's estimate and in 2031 based  
4 on the Harry Winters reports?

5 A. That's right. The 2061 was  
6 based on Minera Mexico's estimates.

7 Q. Right. And the 2049 is also  
8 based on Minera Mexico's estimates, right?

9 MR. HENKIN: Objection to the  
10 form. Asked and answered.

11 A. Yeah. Obviously I don't recall  
12 this, but I think what it means is that  
13 the way this information was obtained was  
14 basically from the source that was given  
15 to us, which is Minera Mexico and the  
16 Harry Winters reports.

17 So the ultimate source of  
18 information is coming obviously -- was  
19 coming from the other side.

20 Q. The other side being Minera  
21 Mexico?

22 A. Yeah, Grupo Mexico, that's  
23 correct.

24 Q. Let's talk about that for a  
25 moment. Then we will get back into the

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 document for a second.

3 So Minera Mexico was providing

4 you -- excuse me, Grupo Mexico was

5 providing you with financial data

6 concerning Minera Mexico; is that right?

7 A. That's correct.

8 Q. And who was providing you with

9 financial data concerning Southern Peru?

10 A. It was the Southern Peru Copper

11 management team.

12 Q. Were any of the projections

13 concerning Southern Peru conveyed to

14 anyone by people at Grupo Mexico?

15 A. I don't recall our interactions

16 with Southern Peru Copper. I think if not

17 most of them, almost most of them were

18 done with the Southern Peru Copper

19 management team.

20 Q. And particularly who at

21 Southern Peru did you work with in

22 gathering data from them?

23 A. I don't recall the names. It

24 was the management team.

25 Q. Would you have the same general

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 response with respect to who at Grupo

3 Mexico gave you data regarding Minera

4 Mexico?

5 A. That's correct.

6 Q. Do you recall whether the

7 management team at Southern Peru changed

8 at any time during Goldman Sachs'

9 retention by the Special Committee?

10 A. I don't remember.

11 Q. Do you know if anyone on the

12 Southern Peru management team also held

13 management positions or any other position

14 at Grupo Mexico?

15 A. I think someone had some

16 positions in Grupo Mexico, but I don't

17 recall exactly who that person was. But I

18 think there was someone that -- at the end

19 of the day Grupo Mexico was the

20 controlling shareholder of both companies.

21 So I think someone had -- I do

22 believe someone had some representation in

23 Grupo as well.

24 Q. Was German Larrea a part of

25 Southern Peru's management team in your

1       SANCHEZ - ATTORNEYS' EYES ONLY

2       view?

3       A.     With German Larrea, we didn't

4       interact in this process, in terms of

5       presenting the business plans and the life

6       of mine models.

7       Q.     How about Armando Ortega, was

8       that someone with whom you interacted?

9       A.     Armando Ortega, we did interact

10      with him.

11      Q.     In what capacity did he work

12      with you? Did he work with you as a

13      member of the Southern Peru team?

14           MR. BRANDT: I object to the

15      form.

16      A.     I don't exactly recall in which

17      capacity he was acting other than that we

18      interacted with him.

19      Q.     How about Eduardo Gonzalez,

20      same question.

21      A.     Eduardo Gonzalez, I believe he

22      was, obviously if I get it right, he was

23      the day to day person that was basically

24      handling the Minera Mexico and the Grupo

25      Mexico side. I also think he was involved

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 as well in some other discussions on the  
3 Southern Peru Copper side.

4 Q. So he was involved in  
5 discussions on both sides?

6 A. He was basically, I mean, the  
7 liaison in helping facilitate and  
8 coordinate the entire process to make sure  
9 the information was flowing to our side,  
10 etc.

11 Q. Going back to the documents,  
12 and the same two pages in the same two  
13 documents, just below where we were  
14 looking, there is Cananea -- I'm sorry if  
15 I mispronounce it -- Cananea Mine.

16 In the July 8th presentation,  
17 it is listed to close in 2068, under an  
18 alternative, 2, in the Mintec report, in  
19 the model provided by Minera management.  
20 Then in the October presentation, it has  
21 an earlier closing date of 2053 without  
22 any explanation.

23 Do you know why there is that  
24 difference between the two closing dates  
25 for that mine?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. Once more, I don't fully  
3 recall. But there was some similar  
4 explanations to Caridad in the sense that  
5 we are not comfortable with the life of  
6 mine of Cananea going that long. So it  
7 was basically shortened.

8 And I think there was also a  
9 change in the life of mine in the sense  
10 that I believe their advisors, third-party  
11 advisors, I don't know if it was Mintec or  
12 Harry Winters who was working with Cananea  
13 at the time, basically they had  
14 presented -- they were working on  
15 different ways to mine the mine, and that  
16 also reflected basically the shortening of  
17 the length of period of that mine.

18 Q. Did Minera Mexico at any time  
19 during this process, to the best of your  
20 recollection, change its projections and  
21 its estimates regarding -- well, change  
22 its estimates regarding mine closures?

23 MR. HENKIN: Objection to the  
24 form.

25 A. I don't recall whether they



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 changed their plans. What I do recall is  
3 that with the work of Anderson & Schwab,  
4 we did shorten their expectations of the  
5 life of mine.

6 Q. Now, there is this Harry  
7 Winters report. What is the Harry Winters  
8 report?

9 A. Harry Winters and Mintec, they  
10 are third-party consultants that basically  
11 what they do is they come and they provide  
12 assistance to companies to basically  
13 develop with their management teams what  
14 is the best way to mine a mine in the most  
15 efficient way. They work with  
16 corporations all around the world. That's  
17 my understanding.

18 And that's what they had done  
19 in this particular case as well.

20 Q. Before working on this  
21 transaction, had you ever worked with --  
22 worked on a case, worked on a transaction,  
23 rather, that involved input from Harry  
24 Winters or from Mintec?

25 A. No.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Do you know if other  
3 consultants or similar consultants were  
4 retained to analyze Southern Peru's mines?

5 A. I don't recall, but I don't  
6 think so.

7 Q. Do you know the reason why  
8 these consultants were hired with respect  
9 to Minera Mexico?

10 A. I don't know the reasons. I  
11 would be speculating.

12 MR. WAGNER: The videographer  
13 needs to change the tape, so let's take a  
14 little break while he does that.

15 THE VIDEOGRAPHER: The time on  
16 the video monitor is 12:07 p.m. We are  
17 off the record. This ends tape number  
18 one.

19 (Recess taken.)

20 THE VIDEOGRAPHER: We are back  
21 on the record. The time on the video  
22 monitor is 12:15 p.m. This starts tape  
23 number two.

24 BY MR. WAGNER:

25 Q. Mr. Sanchez, I would like to

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 back up to something that you said earlier

3 today.

4 Correct me if I'm wrong, but I

5 think you said Goldman Sachs endeavored to

6 do an apples to apples comparison between

7 Southern Peru and Minera Mexico; is that

8 right?

9 A. That's correct.

10 Q. With respect to Southern Peru,

11 what did Goldman Sachs do to try to assess

12 the value of Southern Peru?

13 A. What we did was obviously we

14 embarked on a due diligence on the

15 company. We received their historical

16 information as well as the expected life

17 of mine performance from the management of

18 Southern Peru Copper. We analyzed that

19 information. We worked with our legal

20 advisors and other advisors.

21 We also worked with Anderson &

22 Schwab in getting their geological

23 expertise in helping us evaluate the

24 performance, both historical and for the

25 future, and then some adjustments were

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 made to the information that was provided

3 to us.

4 Q. What adjustments were made

5 generally to the information that was

6 provided to you?

7 I guess we can get into some of

8 the details here. But just describe for

9 me generally what were some of the

10 adjustments that you just described.

11 A. I don't recall exactly

12 adjustments, but they were, for example,

13 adjustments with respect to the capex

14 profile of the company, whether the

15 investments that had to be invested were

16 reasonable or not.

17 There was analysis of the cost

18 structure of the company as well. There

19 was other work done with respect to the

20 performance of obviously the metals going

21 forward for both companies as well.

22 And there were also some

23 operational adjustments that were made

24 based on the input that Anderson & Schwab

25 gave to us.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. In assessing Southern Peru  
3 Copper's value, did Goldman Sachs use any  
4 market-based approaches?

5 A. We basically, once more, we  
6 looked at the methodologies that I had  
7 discussed with you. This was the primary  
8 metric to evaluate more than Southern Peru  
9 Copper, to evaluate the transaction,  
10 because here what you had was a  
11 contribution of assets through a company  
12 in exchange for a stock. That obviously  
13 would have to be valued as well.

14 So the most relevant metric  
15 here for valuation was to look at both  
16 companies on a similar basis so we could  
17 see what the two of them looked like.  
18 That was the primary tool.

19 Then, in addition to that, we  
20 looked at the metrics that I mentioned to  
21 you, we looked at public market  
22 performance, how the companies were  
23 trading in the market. We looked at  
24 comparable deals that happened in the  
25 industry in the past. We looked at

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 historical performance of both entities.

3 And we looked at the current performance

4 as well.

5 Q. How do these market-based

6 analyses then bear on Goldman Sachs' view

7 as to Southern Peru's worth?

8 MR. HENKIN: Objection to the

9 form.

10 A. In terms of how much Southern

11 Peru is worth, once more, it is basically

12 a data point that is factored into the

13 analysis. But it is one of the

14 analyses -- one of the perspectives that

15 we looked into.

16 Q. And with respect to -- was

17 there anything else that Goldman Sachs did

18 to assess the value -- any other analyses

19 that Goldman Sachs did to assess the value

20 of Southern Peru?

21 A. I mean, I don't recall there

22 was anything else specific other than

23 obviously the work that we would

24 traditionally perform for these type of

25 assignments. I think the ones I described

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 to you were the main work that we did.

3 Q. Other than the data point that  
4 is created when looking at market-based  
5 approaches, was there any other role that  
6 the market-based approaches played in  
7 Goldman Sachs' valuation of Southern Peru?

8 A. I couldn't understand the  
9 question.

10 Q. I'm sorry, I thought you had  
11 said earlier, and correct me if I'm wrong,  
12 please, I thought you had said earlier  
13 that the primary use of the market-based  
14 approaches was to provide a data point for  
15 the analysis.

16 Was there any other role for  
17 which the market-based approaches were  
18 used?

19 A. We were talking about  
20 specifically the page that you mentioned  
21 to me which showed basically the  
22 comparison of the different companies. So  
23 I was referring specifically to that  
24 particular page in which we talk about  
25 different multiples for different

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 companies. One of them was Southern Peru

3 Copper.

4 That's when I referred to the

5 fact that that particular page, what it

6 was meant to do was basically set up a

7 framework in terms of how Southern Peru

8 Copper trades vis-à-vis other comparables

9 and how the market is valuing copper

10 companies at that particular point in

11 time.

12 Q. I guess my question is, how did

13 that analysis bear, if at all, on Goldman

14 Sachs' view of Southern Peru Copper's

15 valuation?

16 MR. HENKIN: Objection to the

17 form.

18 A. I don't understand exactly what

19 you are trying to ask.

20 Q. I know that there is this page

21 13, we can take a look at it --

22 A. In October?

23 Q. In October, where there is a

24 common stock comparison and there are a

25 number of companies, including Southern



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Peru and Grupo Mexico, listed there.

3 A. Yes.

4 Q. And I guess what I'm asking is,  
5 how did the data that is set forth on this  
6 page bear on Goldman Sachs' valuation of  
7 Southern Peru Copper?

8 I guess let me ask the question  
9 another way.

10 Did the data on this page play  
11 any role whatsoever in Goldman Sachs'  
12 assignment of a value to Southern Peru for  
13 purposes of this transaction?

14 A. It plays a role in the sense  
15 that this is one of the metrics that  
16 obviously we look at, which is basically  
17 what is the market saying with respect to  
18 the company as well as with respect to the  
19 comparables in the industry.

20 So this is basically  
21 information that we take in, Goldman Sachs  
22 takes in, in evaluating the entire deal.  
23 It is a reference line. I don't know if  
24 you are asking anything more specific than  
25 that.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. I guess my question is, in  
3 terms of Goldman Sachs' analysis, why did  
4 it matter how the market viewed Southern  
5 Peru's worth?

6 A. Because at the end of the day,  
7 this was a publicly traded company, and  
8 obviously what the market says about the  
9 performance of the company and the way it  
10 values is relevant, obviously, for  
11 consideration when you are dealing with a  
12 public company.

13 Q. Okay. We will come back to  
14 that as we get more into this.

15 Let's take a look at those two  
16 pages we were looking at before.

17 MR. BRANDT: Which two pages?

18 MR. WAGNER: I'm sorry, I will  
19 describe them to you in a moment. They  
20 are pages 26 of the July presentation and  
21 16 of the October presentation.

22 Q. Under the Methodology heading  
23 -- in the October presentation, I'm sorry,  
24 fifth bullet point down under  
25 "Methodology," it says "Projections

1 SANCHEZ - ATTORNEYS' EYES ONLY  
2 include new optimization plan for Cananea  
3 (alternative 3) developed by Grupo Mexico  
4 and Mintec."

5 Do you know of any differences  
6 between alternative 3 and alternative 2,  
7 which alternative 2, if you look back in  
8 the July presentation, is described in  
9 footnote 1 about the Cananea closing date,  
10 do you know of any differences -- other  
11 than the closing date, do you know of any  
12 other differences between alternative 3  
13 and alternative 2?

14 A. Once more, obviously this  
15 happened some time ago. But I think the  
16 difference between the two plans, if I  
17 recall properly, alternative 3 was a more  
18 efficient way to mine the mine, Cananea,  
19 and was ultimately the route that Minera  
20 Mexico, with the advice of Mintec, was  
21 going to take in terms of mining. So  
22 that's the main difference.

23 That is why alternative 3 was  
24 used, because it was the one that the  
25 company was going to execute.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Were these alternatives  
3 presented to Goldman Sachs at the same  
4 time?

5 MS. GOLDSTEIN: I object to  
6 form.

7 A. I don't recall whether they  
8 were presented at the same time. I don't  
9 think so. Because they were different  
10 plans that the company was working on.

11 They were basically doing,  
12 together with Mintec, internal work as to  
13 which course of action the company was  
14 going to follow. So I think alternative 3  
15 was presented a little bit later than  
16 alternative 2.

17 Q. Do you know why Grupo Mexico  
18 was creating these alternative scenarios?

19 A. No particular reason other than  
20 every mine looks to basically mine the  
21 mine in the most efficient possible way.  
22 But I don't recall any particular reasons.

23 Q. Do you know the effects of the  
24 various alternatives, alternative 2 and  
25 alternative 3, do you know the effect that

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 those alternatives had on the bottom-line

3 valuation of Minera Mexico?

4 MR. HENKIN: Objection to the

5 form.

6 A. I think alternative 3 yielded a

7 higher value than alternative 2 because it

8 was a more efficient way to mine the mine.

9 Q. Taking a look at the third

10 bullet point in the July presentation on

11 page 26, it talks about the A&S case,

12 referring to the Minera Mexico case as

13 adjusted to modifications suggested by A&S

14 and production cost and capex assumptions.

15 Then in the October

16 presentation, the third bullet point down,

17 they talk about production costs and

18 capital expenditure assumptions as well as

19 closure costs for the smelters and

20 refineries.

21 MR. HENKIN: Objection to form.

22 It also says "among others."

23 Q. Among others.

24 Do you know what smelters and

25 refineries were projected to close as of

1       SANCHEZ - ATTORNEYS' EYES ONLY

2       October?

3       A.     Could you repeat the question?

4       I'm sorry.

5       Q.     Yes.

6             Do you know what smelters and

7       refineries were projected to close at the

8       time of the October presentation?

9       A.     Which ones were going to close

10      or when?

11      Q.     Backing up, the July

12      presentation says nothing about closure

13      costs for smelters and refineries, whereas

14      the October presentation does.

15             I'm just wondering what

16      information did you learn about the

17      closure costs for smelters and refineries

18      as of the time of the October

19      presentation?

20      A.     I think this was in the context

21      with Anderson & Schwab. In order to

22      reflect -- to be conservative obviously

23      with the outlook for Minera Mexico, I

24      think there were some costs added in terms

25      of the closure of these smelters, because

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 there could be some closing costs that had  
3 not been factored in the prior analysis.

4 As Anderson & Schwab continued  
5 to complete the work, we concluded that it  
6 was prudent to basically penalize the  
7 Minera Mexico outlook with closing costs  
8 whenever these smelters would be shut  
9 down.

10 Q. In the July presentation, in  
11 the fourth bullet point, it talks about  
12 sensitivities being performed to both the  
13 Minera Mexico and Anderson & Schwab cases  
14 to long-term copper and molybdenum prices,  
15 and then it talks about some additional  
16 sensitivities.

17 In the October presentation, on  
18 page 16, there is no mention of  
19 sensitivities performed with respect to  
20 long-term molybdenum prices.

21 Did Goldman perform sensitivity  
22 analyses with respect to long-term  
23 molybdenum prices?

24 A. We did. Obviously we did. It  
25 says in the July presentation.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Do you know why Goldman Sachs  
3 did not perform any sensitivity analyses  
4 for the October presentation?

5 MR. HENKIN: Objection to the  
6 form.

7 MR. BRANDT: I object to the  
8 form.

9 Q. On this input in particular  
10 with respect to long-term molybdenum  
11 prices. I don't mean any sensitivity  
12 analyses.

13 A. I don't recall the reason.  
14 Molybdenum is a very volatile mineral that  
15 is in very short supply in amounts, so it  
16 spikes a lot back and forth. So I don't  
17 recall exactly the reason why we didn't  
18 put sensitivities in the final  
19 presentation.

20 Q. In the October presentation,  
21 taking a look at that page 16, there is no  
22 mention there of sensitivities being  
23 performed on production levels. I'm  
24 wondering if Goldman performed  
25 sensitivities on production levels.



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Do you remember if Goldman did  
3 for the October presentation?

4 A. I don't remember.

5 Q. And in the July presentation,  
6 if you look down just a little more than  
7 halfway down in the methodologies side,  
8 the methodology page, it talks in the last  
9 sentence there of net present value of tax  
10 benefits of approximately \$320 million  
11 using a real discount rate of 8.5 percent.

12 On page 16 of the October  
13 presentation, it talks about a net present  
14 value of tax benefits considerably less,  
15 at about \$131 million, using the same  
16 discount rate.

17 Do you know the reason for that  
18 difference?

19 A. I think what I recall is that  
20 we worked with Mexican legal counsel to  
21 evaluate the tax impacts.

22 Minera, for example, had  
23 presented to us very relevant substantial  
24 tax benefits even beyond the 320 that we  
25 used in the July presentation. I think

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 the numbers that you see in the October  
3 presentation, the 131, are the ones that,  
4 after having discussions with Mexican  
5 legal tax counsel, are the ones that we  
6 felt comfortable that would be achievable.

7 So they were cut from the July  
8 presentation because we felt that  
9 advice -- I mean, we were not fully  
10 comfortable with them, because some of  
11 them, for example, had to assume that the  
12 law would not change, and nobody knows if  
13 the law could change or not. So we didn't  
14 think it was appropriate to value those.

15 Q. Do you remember who Mexican  
16 counsel was that you were just referring  
17 to?

18 A. It will come to mind. I mean,  
19 I know the name of the person, Patricia  
20 Trad. I think it is Mijares, if I'm not  
21 mistaken.

22 Q. I should just mention as an  
23 addendum to our ground rules that we were  
24 discussing earlier today, if you remember  
25 something in the course of the deposition

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 that you hadn't remembered earlier, just  
3 let me know and we can make sure we get  
4 that on the record.

5 A. Sure.

6 Q. The July presentation, in the  
7 Methodology section, also talks about \$80  
8 million of non-operating assets as  
9 provided by Minera Mexico management. But  
10 there is no such indication of valuation  
11 of non-operating assets in the October  
12 presentation.

13 Do you know the reason for  
14 that?

15 A. I don't recall the reason for  
16 those \$80 million, no. I remember that  
17 there were some non-operational assets,  
18 that they were at book value at those  
19 amounts. I don't know. If it was not  
20 mentioned in the thorough presentation, I  
21 don't recall why that was.

22 Q. I have the same question with  
23 respect to estimated net present value of  
24 post-tax synergies. In the July  
25 presentation, it looks like net present

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 value of \$48 million.

3 A. Where is that, sorry?

4 Q. I'm sorry, the third bullet

5 point from the bottom.

6 A. Uh-huh.

7 Q. And in the October

8 presentation, I don't see any indication

9 there of a value associated with potential

10 synergies. Do you know why that is?

11 A. I don't remember. Obviously, I

12 mean, and this is my interpretation, if it

13 is not in the October presentation, it was

14 probably because --

15 MS. GOLDSTEIN: You shouldn't

16 guess. You should tell him what you

17 remember.

18 THE WITNESS: So then I don't

19 remember.

20 Q. Look at page 34 of the July

21 presentation and page 18 of the October

22 presentation.

23 A. Page 34?

24 Q. Page 34 in July and page 18 in

25 October.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. Yeah, I'm here.

3 Q. In the July presentation, on  
4 page 34, it assigns a value of net debt of  
5 \$13.4 million as of the end of May 2004.

6 In the October presentation, it assigns a  
7 value of net debt of \$15 million as  
8 information provided by the management.

9 Then there is some adjustments  
10 that they made with respect to an  
11 extraordinary dividend payment of \$100  
12 million that was contemplated by the  
13 merger agreement.

14 Do you know how Goldman Sachs  
15 incorporated the extraordinary dividend  
16 payment to the net debt value?

17 A. Well, because effectively it  
18 was going to be an obligation of Southern  
19 Peru Copper to pay that cash. Effectively  
20 it is part of the debt in the sense that  
21 the company would have to pay it. So it  
22 increases the debt by the amount of the  
23 agreed dividend to be paid.

24 Q. With respect to regular  
25 quarterly dividends, would the same hold

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 true?

3 A. No. Because the regular  
4 quarterly dividends, first of all, they  
5 happen on a periodic basis. They could  
6 not happen subject to the board  
7 discretion. You only consider that when  
8 they are really accrued on a quarterly  
9 basis. But this was a firm obligation of  
10 the company, so it was essentially debt.

11 Q. Did Goldman Sachs account for  
12 any cash flows received in the period  
13 between the date of this presentation and  
14 the end of the calendar year?

15 MR. HENKIN: Objection to the  
16 form.

17 A. Which presentation? Sorry.

18 Q. I'm sorry, I'm looking now at  
19 the October presentation.

20 I'm trying to figure out what  
21 Goldman Sachs did, if anything, to account  
22 for cash flows received by Southern Peru  
23 in the period between the date of this  
24 presentation and the end of the calendar  
25 year.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. The way you account -- we  
3 accounted for the future performance of  
4 the company was based on what the business  
5 plan would say. The EBITDA is a proxy for  
6 cash flow. So if the company was going to  
7 generate any cash, it would have been  
8 captured in the projections of the  
9 company.

10 Q. So the cash flows were  
11 accounted for for projections through the  
12 end of the year?

13 A. And obviously beyond that.

14 Q. And beyond that?

15 A. Right.

16 Q. Now, in the methodology page  
17 on -- I'm sorry, in the Methodology  
18 section on page 18 of the October  
19 presentation, the seventh bullet point  
20 down, the next to the bottom one, talks  
21 about a royalty tax of 2 percent of sales  
22 for Southern Peru Copper as indicated by  
23 both management and Wall Street research.

24 Do you know what Wall Street  
25 research Goldman Sachs relied upon in that

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 instance?

3 A. What was the question? Sorry.

4 Q. It indicates that some of the

5 data for the royalty tax of 2 percent was

6 provided by Wall Street research. I'm

7 wondering in particular what Wall Street

8 research did Goldman Sachs employ with

9 respect to that?

10 A. I don't remember which one it

11 was. It was public, this discussion of

12 the 2 percent royalty was being had with

13 authorities at the time. I don't remember

14 exactly the Wall Street research that was

15 used.

16 Q. We are taking a look at tab 45.

17 MR. HENKIN: 45 is going to be

18 302?

19 MR. WAGNER: Yes, 45 will be

20 302.

21 (Plaintiffs' Exhibit 302 marked

22 for identification.)

23 MR. BRANDT: Does this have a

24 Bates number?

25 MR. WAGNER: This was produced



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 to us in native file format under the

3 designation SP COMM 054346.xls.

4 Q. Does this document look

5 familiar to you?

6 A. No.

7 Q. Do you know what this document

8 is?

9 A. Well, it says it is a free cash

10 flow analysis for Minera Mexico.

11 MR. BRANDT: I think you should

12 explain to the witness what you mean by

13 "do you know what this is."

14 MR. WAGNER: Let's take a

15 couple of minute break. I just want to

16 figure out a way to handle some

17 introductory issues with respect to this

18 document.

19 THE VIDEOGRAPHER: The time on

20 the video monitor is 12:43 p.m. We are

21 off the record.

22 (Luncheon recess: 12:43 p.m.)

23

24

25

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 AFTERNOON SESSION

3 1:27 p.m.

4 MARTIN SANCHEZ, resumed.

5 THE VIDEOGRAPHER: We are back

6 on the record. The time on the video

7 monitor is 1:27 p.m.

8 CONTINUED EXAMINATION

9 BY MR. WAGNER:

10 Q. Mr. Sanchez, who was on the  
11 Special Committee; do you remember?

12 A. Sure. It was in, no particular  
13 order, it was Mr. Carlos Ruiz Sacristan,  
14 Mr. Miguel Palomino, Mr. Handelsman and  
15 Mr. Perezalonso.

16 Q. And how often did Goldman Sachs  
17 -- or Goldman Sachs representatives meet  
18 with the Special Committee?

19 MR. BRANDT: In person?

20 MR. WAGNER: Let's start with  
21 in person.

22 A. It was periodically. I don't  
23 know if it was once every two months. But  
24 it was frequent, when there were updates  
25 to be made.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. And other than meeting in  
3 person with the Special Committee members,  
4 were there other times when Goldman Sachs  
5 might confer with the Special Committee by  
6 telephone or by other remote means?

7 A. Yes, there were some telephone  
8 discussions as well, and through e-mail as  
9 well.

10 Q. How frequently would you  
11 estimate the Special Committee members and  
12 Goldman Sachs representatives communicated  
13 by e-mail?

14 A. I don't recall how frequently.  
15 But whenever there was things to report,  
16 either it was telephonically, in person,  
17 or through e-mail.

18 Q. Would you, just looking back,  
19 do you recall whether you communicated  
20 with Special Committee members, you know,  
21 roughly once a week?

22 MR. BRANDT: I object to the  
23 form.

24 Q. By any means.

25 A. It was frequent. I cannot say

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 if it was once a week.

3 Q. So is it fair to say that you  
4 met with the Special Committee apart from  
5 formal committee meetings?

6 A. Either telephone calls were not  
7 formal -- there were telephone calls and  
8 e-mails. I don't know what "formal"  
9 means.

10 Q. Were there occasions when  
11 Goldman Sachs might meet with only certain  
12 members of the Special Committee?

13 MS. GOLDSTEIN: I object to  
14 form.

15 A. I don't recall that there were  
16 any particular intentions to meet with one  
17 committee member or another. If one of  
18 the committee was not available, then  
19 whatever the committee said was the right  
20 thing to do, we obviously spoke to whoever  
21 we needed to speak to.

22 Q. Had you personally had any  
23 dealings with any of the individual  
24 Special Committee members before Goldman  
25 Sachs was retained by the Special

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Committee?

3 A. No.

4 Q. Are you aware of any

5 interactions between Goldman Sachs

6 generally and any of the individual

7 Special Committee members prior to Goldman

8 Sachs' retention by the Special Committee?

9 MS. GOLDSTEIN: I object to

10 form.

11 A. I recall we had worked, it was

12 in the opinion letter, that we had worked

13 with the Pritzker Group in general in the

14 past.

15 Q. Any dealings in particular with

16 Mr. Handelsman in that regard that you are

17 aware of?

18 A. No.

19 Q. Was anyone from Goldman Sachs

20 present during negotiations between the

21 principals of Grupo Mexico and Minera on

22 one side and Southern Peru on the other

23 side?

24 MR. BRANDT: I object to the

25 form.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. We were present at some  
3 negotiations, and I think the Committee  
4 was also having discussions with the  
5 principals on the other side as well.

6 Q. Were you present for any  
7 negotiations among the principals with  
8 respect to exactly how many shares  
9 Southern Peru was going to pay Grupo  
10 Mexico for Minera?

11 A. We had discussions with UBS on  
12 that topic.

13 Q. And the 67.2 million share  
14 figure that was ultimately settled upon,  
15 do you know how that was reached?

16 A. It was reached through  
17 extensive negotiations throughout a long  
18 period of time.

19 Q. Do you know when that price was  
20 settled upon?

21 A. I don't recall the exact date  
22 when it was settled upon.

23 Q. Do you know if it was before  
24 the October 21st presentation that Goldman  
25 Sachs made to the Special Committee?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. For sure.

3 Q. Do you know if it was before  
4 the July presentation that was made to the  
5 Special Committee?

6 A. I don't think so, but I don't  
7 recall.

8 Q. Do you remember what the  
9 Special Committee's opening position was  
10 with respect to how many shares Southern  
11 Peru should pay for Minera Mexico?

12 A. I don't think there was any  
13 opening position by them, by the Special  
14 Committee. We were trying to obviously  
15 get the best deal possible to Southern  
16 Peru Copper.

17 Q. Do you know what Grupo Mexico's  
18 opening position was with respect to the  
19 number of shares of Southern Peru that it  
20 wanted to receive for Minera?

21 A. We know basically what was the  
22 offer at the beginning of the process.

23 Q. And do you know how much that  
24 figure changed during the process?

25 A. In terms of shares or value?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. In terms of shares.

3 A. In terms of shares, I don't  
4 know a specific amount, but I think it  
5 changed in an important way because I  
6 think it was in one of the presentations,  
7 if you had done the math, based on the  
8 number of shares, I think it started with  
9 75, north of 75 million shares, and it  
10 ended up at the number that you were  
11 talking about, 67.

12 Q. How about in terms of value,  
13 did the overall value that Grupo Mexico  
14 was going to receive for Minera Mexico,  
15 did that value change over time as well?

16 A. It changed over time, but  
17 between the specific times of initial  
18 discussions and the end, because of a  
19 whole host of factors, ended up relatively  
20 similar.

21 Q. And did Goldman Sachs ever  
22 advise the Special Committee on the number  
23 of shares that Southern Peru ought to be  
24 paying for Minera Mexico?

25 A. We discussed the relative



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 valuations of the two companies with the  
3 Special Committee and the implied exchange  
4 ratio of those valuations.

5 Q. Did Goldman Sachs ever  
6 recommend a specific number of shares for  
7 Southern Peru to pay for Minera Mexico?

8 A. I don't recall we recommended a  
9 specific number of shares.

10 Q. Did Goldman Sachs ever advise  
11 the Special Committee that Grupo Mexico's  
12 proposal would force Southern Peru to  
13 overpay for Minera Mexico?

14 A. Could you repeat the question?  
15 I'm sorry, I didn't understand.

16 Q. Sure.

17 Did Goldman Sachs ever advise  
18 the Special Committee that Grupo Mexico's  
19 proposal would contemplate Southern Peru  
20 to overpay for Minera Mexico?

21 MR. HENKIN: Objection to form.

22 MR. BRANDT: Which proposal?

23 MR. WAGNER: Let's start with  
24 the opening proposal.

25 A. The opening proposal, first of

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 all, we didn't have all the information.

3 But based on preliminary analysis, I mean,

4 we felt that it could be improved.

5 Q. With respect to -- are you

6 aware of negotiations involving Phelps

7 Dodge and Cerro with respect to

8 registration rights?

9 A. I was aware that at some point

10 in the process there were some

11 discussions, but I was not involved with

12 those.

13 Q. Was anyone at Goldman Sachs

14 involved in those negotiations?

15 A. Not to my knowledge.

16 Q. How was Goldman Sachs

17 compensated for the work it performed for

18 the Special Committee?

19 A. We were compensated based on a

20 flat fee to be paid for our services

21 provided. And I think there was also a

22 feature of time. So basically if we

23 worked for a longer time and therefore

24 there was more work involved then there

25 would be a larger fee.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Was there a success component  
3 to Goldman's fee to your knowledge?

4 A. Not to my recollection.

5 Q. I think you had mentioned  
6 earlier, and correct me if I'm wrong, that  
7 Anderson & Schwab had made some  
8 adjustments in the course of its analysis  
9 of Southern Peru.

10 Were there any adjustments that  
11 you can recall Goldman Sachs -- that  
12 Goldman Sachs did not adopt?

13 MS. GOLDSTEIN: I object to  
14 form.

15 A. I don't recall that there were  
16 adjustments that we did not adopt. I  
17 don't recall.

18 Q. Was Goldman Sachs aware of a  
19 concern that Grupo Mexico's proposed sale  
20 of Minera Mexico to Southern Peru was  
21 unfavorable to Southern Peru?

22 A. I can't understand the  
23 question. Sorry. In what sense?

24 Q. On a valuation basis.

25 Do you remember hearing any

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 concern that Southern Peru -- that the  
3 transaction was unfair to Southern Peru?

4 MR. HENKIN: Objection to the  
5 form.

6 MR. BRANDT: I object to the  
7 form.

8 A. I don't know if there was any  
9 particular -- I don't remember any  
10 particular concern that it wasn't fair.  
11 When the terms of the deal were leaked to  
12 the market, or the market got wind of the  
13 terms, some research analysts came out  
14 indicating on a preliminary basis that the  
15 deal looked disfavorable for Southern Peru  
16 Copper.

17 Q. Now, was there any interaction  
18 between the investment bankers at Goldman  
19 Sachs that you were working with and  
20 Goldman Sachs industry analysts who were  
21 analyzing the mining industry?

22 A. I don't remember if there were  
23 interactions or not.

24 Q. The name Alberto Arias, is that  
25 familiar to you?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. Sure.

3 Q. Did you know Mr. Arias  
4 personally when you were working at  
5 Goldman Sachs?

6 A. I knew him.

7 Q. Do you remember speaking with  
8 him at all regarding the Southern  
9 Peru/Minera Mexico transaction?

10 A. I mean, I don't remember if I  
11 had spoken to him or not.

12 Q. Do you remember hearing if  
13 anyone on the Goldman Sachs team had  
14 spoken with him or any of his cohorts  
15 regarding the transaction?

16 A. I don't remember.

17 Q. Were there any specific  
18 features of the transaction that were  
19 designed to protect the interests of  
20 Southern Peru's minority stockholders?

21 MR. BRANDT: I object to the  
22 form.

23 A. Could you elaborate a little  
24 bit more, the question? In what sense?

25 Q. In the sense of allowing

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 them -- first of all, let's say in the  
3 sense of allowing them a voice on the  
4 transaction.

5 MS. GOLDSTEIN: I object to  
6 form.

7 MR. BRANDT: I object to the  
8 form.

9 A. I mean, I still don't  
10 understand, sorry, what you are trying  
11 to --

12 Q. Let's talk about was there a  
13 price collar feature to the transaction  
14 that you are aware of?

15 A. There was no price collar  
16 feature in the transaction.

17 I remember that we had a  
18 discussion as to the fact that we were not  
19 comfortable with the fact that the way  
20 Grupo Mexico presented the proposal to  
21 Southern Peru was a fixed number of  
22 dollars and therefore irrespective of how  
23 Southern Peru Copper would move, Southern  
24 Peru would have to pay more or less  
25 shares.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 So that created a significant  
3 deal uncertainty that we were not  
4 comfortable with. So we had discussions  
5 as to ways to protect the minorities and  
6 advised the Special Committee on that  
7 particular aspect.

8 Q. Do you remember what  
9 specifically was done in that regard?

10 A. Well, ultimately Grupo Mexico  
11 agreed to drop the fixed dollar value and  
12 they agreed to go with a fixed exchange  
13 ratio, the exchange between the two  
14 companies.

15 Q. Was there any concern that a  
16 fixed exchange ratio with reference to  
17 Southern Peru's stock price might be  
18 insufficient to protect shareholder value  
19 for Southern Peru stockholders?

20 A. There were some discussions  
21 with respect --

22 MS. GOLDSTEIN: Let me just  
23 caution you, if any of your answer  
24 involves privileged communications you  
25 should exclude those.

1        SANCHEZ - ATTORNEYS' EYES ONLY

2                THE WITNESS: Sure.

3                MR. BRANDT: I would also like

4        to know, concern by who?

5                MR. ZAGAR: Counsel, he is

6        asking the questions. If you want to ask

7        questions, you will have time later on.

8                MR. BRANDT: It is a

9        meaningless question.

10               MR. ZAGAR: Counsel, again,

11        speaking objections are not allowed.

12               MR. BRANDT: First, lower your

13        voice. Second, I object to the form.

14               THE WITNESS: I'm sorry, could

15        you repeat the question?

16               MR. WAGNER: Could you read the

17        question back, please.

18               (The record was read.)

19        Q.     I meant to say without

20        reference to Southern Peru's stock price,

21        that a fixed exchange ratio without

22        reference to Southern Peru's stock price

23        might be insufficient to preserve

24        stockholder value for Southern Peru's

25        shareholders.



1       SANCHEZ - ATTORNEYS' EYES ONLY

2       A.    There were some discussions  
3       with respect to this particular aspect of  
4       the deal, and ultimately it was decided  
5       that while these companies can be very  
6       volatile -- when I say "these companies,"  
7       the companies in the mining space -- can  
8       be volatile over a short period of time  
9       because of the cycles, at the end of the  
10      day the exchange ratio represents the  
11      fundamental value of both companies.

12            So over the medium term it  
13      would reflect the true performance of both  
14      companies. So we were comfortable that  
15      the fixed exchange ratio in itself, it was  
16      an adequate way to protect the minorities  
17      and obviously advised the Special  
18      Committee.

19      Q.    Is that an outgrowth of the  
20      apples to apples analysis that you were  
21      talking about earlier?

22      A.    I don't know what "outgrowth"  
23      means.

24      Q.    Is that a product of that --  
25      the idea that Minera Mexico and Southern

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Peru -- that differentiations in Southern  
3 Peru's stock price would represent both  
4 not only how Southern Peru is doing but  
5 how Minera Mexico was doing, that the two  
6 were moving in tandem?

7 MR. HENKIN: Objection to form.

8 A. What I was saying is that the  
9 mining sector, obviously commodities move  
10 in a similar fashion. So obviously  
11 movements in the price of copper affect  
12 different companies and therefore if a  
13 copper company goes up in price because  
14 the copper price goes up in price, it is  
15 fair to assume that other companies will  
16 follow as well.

17 Q. Your counsel had mentioned  
18 earlier the involvement of counsel for  
19 Goldman Sachs in this scenario, I believe.  
20 To what extent was counsel for Goldman  
21 Sachs involved at all in this process?

22 A. They were involved through  
23 different stages of the process, to  
24 consult with Goldman Sachs on Goldman  
25 Sachs' involvement with respect to this

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 deal.

3 Q. And who represented Goldman

4 Sachs in this respect?

5 A. In what sense?

6 Q. Who was legal counsel for

7 Goldman Sachs in this context?

8 A. It was Fried Frank.

9 Q. Did Fried Frank provide any --

10 strike that. I will get back to that in a

11 second.

12 With respect to price movements

13 in copper, did those price movements

14 affect Minera Mexico and Southern Peru's

15 valuations equally?

16 A. You are talking about movements

17 in the metal pricing?

18 Q. Yes.

19 A. Well, technically, not exactly,

20 because it affects an overall value, but

21 because Minera Mexico had more debt at the

22 time obviously when the value of the asset

23 goes up then the impact on Minera Mexico

24 is more favorable than the impact on a

25 less levered company. Because obviously

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 you have the debt, it doesn't move, so for

3 all the impact in the value goes straight

4 to the equity value.

5 So technically speaking, if a

6 company is more levered, which was the

7 case of Minera Mexico, all things being

8 equal, if the copper price moves up it

9 benefits more the levered entity than the

10 unlevered entity.

11 Q. Off the top of your head, do

12 you know what percentage of Grupo Mexico's

13 indebtedness was represented by debt owed

14 by Minera Mexico?

15 A. I don't recall. I recall the

16 amount. It was roughly a billion. I

17 think a little bit less than that. But I

18 don't recall how much of the entire group.

19 Q. Was there a feature of this

20 agreement that required a vote of more

21 than a majority of Southern Peru's

22 stockholders in favor of the transaction

23 for it to be consummated?

24 A. I recall that there was a

25 two-thirds majority for one of the aspects

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 that needed to be voted on.

3 Q. Do you know, were you present  
4 for discussions regarding the inclusion of  
5 that feature in the transaction?

6 A. I don't recall if I was  
7 present. I believe so.

8 Q. Did Goldman Sachs provide any  
9 advice to the Special Committee in that  
10 particular regard?

11 A. We made some suggestions to the  
12 Special Committee.

13 Q. Were there any other  
14 suggestions designed to protect the  
15 interests of Southern Peru's minority  
16 stockholders that Goldman Sachs made to  
17 the Special Committee?

18 MR. BRANDT: I object to the  
19 form.

20 A. You are talking with respect to  
21 what topic?

22 Q. Generally with respect to the  
23 transaction between Southern Peru and  
24 Minera Mexico, was there any advice given  
25 by Goldman Sachs that was geared toward

1       SANCHEZ - ATTORNEYS' EYES ONLY

2       protecting the interests of Southern

3       Peru's minority stockholders in terms of

4       how the deal was to be structured?

5               MR. BRANDT: I object to the

6       form.

7       A.     Could you be a little bit more

8       specific? Because I don't fully

9       understand the question.

10      Q.     Sure.

11             Well, we talked about a couple

12     of things. We talked about that there was

13     a collar, a fixed exchange ratio, and how

14     that protected, and then we were just

15     talking about a super majority vote of the

16     stockholders.

17     A.     Right.

18     Q.     Was there anything else of that

19     ilk that was designed to protect the

20     interests of Southern Peru's stockholders?

21             MR. BRANDT: I object to the

22     form. "Of that ilk" is entirely vague.

23     Q.     If you understand, you can

24     answer it.

25     A.     I mean, obviously we are always

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 focused from the beginning on protecting  
3 the minorities of Southern Peru and  
4 obviously advising the Special Committee.  
5 There were some discussions with respect  
6 to suggestions as to -- as well as to  
7 suggesting that a majority of the minority  
8 would have to vote in favor of the deal as  
9 well, for example.

10 Q. And was there a majority of the  
11 minority condition in this transaction?

12 A. Ultimately there was no  
13 majority of the minority.

14 Q. Do you remember what happened  
15 to copper prices between October 2004 and  
16 the closing of the transaction?

17 A. I don't recall exactly what  
18 happened other than there has been a  
19 five-year commodity boom cycle, so prices  
20 were going up. I don't recall exactly  
21 what happened in that period of time.

22 Q. With prices going up, was there  
23 any reconsideration of the number of  
24 shares Southern Peru ought to be paying  
25 Grupo Mexico for Minera?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 MS. GOLDSTEIN: I object to

3 form.

4 A. No, because, once more, the

5 focus was on fundamental value for both

6 companies, what is the right exchange

7 ratio. And the exchange ratio, it is what

8 it is. It is regarding whether prices go

9 up or down.

10 Q. The exchange ratio assumes that

11 Minera and Southern Peru are moving in

12 tandem; does it not?

13 MR. HENKIN: Objection to the

14 form.

15 A. Not exactly. What it assumed

16 is that the prices that were used for each

17 of the commodities that each of the

18 companies had were the same. So

19 effectively, I mean, whatever the market

20 was, an ounce of copper was sold for, it

21 was obviously the same assumptions were

22 applied for both entities to make sure

23 that they were valued on an equal basis.

24 Q. I know that Goldman Sachs gave

25 a fairness opinion in October after it



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 made its final presentation to the Special

3 Committee. Did Goldman Sachs render

4 another fairness opinion, a verbal

5 fairness opinion, thereafter to the

6 Special Committee?

7 A. Not to my recollection.

8 Q. You are not aware of a second

9 verbal fairness opinion that was given to

10 the Special Committee in February of 2005?

11 A. No.

12 Q. Were you still working for

13 Goldman Sachs at that point?

14 A. February 2005? Yes.

15 Q. How about in March 2005? Let

16 me just clarify.

17 You don't remember any fairness

18 opinion being rendered either orally or in

19 writing anytime after October 2004?

20 A. That's correct.

21 Q. Let's go back to this apples to

22 apples concept that we had been

23 discussing. I think we discussed what

24 that involved with respect to Southern

25 Peru Copper. I would like to know what

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 the apples to apples analysis involved

3 with respect to Minera Mexico.

4 What did that -- how did

5 Goldman Sachs apply this apples to apples

6 concept to valuing Minera Mexico?

7 A. Apples to apples was maybe a

8 simplification. I just used that term to

9 illustrate what we did in terms of

10 comparing companies.

11 But it was within the case of

12 Minera Mexico, it was the same, it was a

13 thorough due diligence on the company. We

14 were basically presented the life of mine

15 models for both Caridad and Cananea, which

16 are the two largest mines. We were also

17 given financial information on the rest of

18 the assets that Minera was putting as part

19 of this transaction.

20 Then we valued the historical

21 performance, the future performance, and

22 worked with Anderson & Schwab on also

23 making corrections to the models that had

24 been presented by Minera Mexico and they

25 had been evaluated by the third-party

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 consultants. We also further evaluated  
3 those with the help of Anderson & Schwab.  
4 And there were adjustments made to capex,  
5 operations, and other adjustments.

6 Q. In seeking the value of Minera  
7 Mexico, did Goldman Sachs apply to Minera  
8 Mexico any EBITDA multiples that were  
9 available through analyzing public  
10 companies?

11 MR. HENKIN: Objection to the  
12 form.

13 A. Once more, our approach to  
14 Minera was similar to Southern Peru  
15 Copper. The main analysis that was  
16 performed was basically to look at the  
17 life of mine of the mines of Minera Mexico  
18 and then we also looked at what the value  
19 implies in terms of multiples. We applied  
20 multiples of Southern Peru Copper to the  
21 Minera Mexico performance to look at on a  
22 contribution basis how each of the two  
23 companies looked like when putting both  
24 together.

25 Q. Did Goldman Sachs take a look

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 at -- consider valuing Minera Mexico as a

3 sum -- as a part of Grupo Mexico, that is

4 a sum of the parts analysis?

5 MS. GOLDSTEIN: I object to

6 form.

7 MR. BRANDT: I object to the

8 form.

9 A. Could you rephrase the

10 question? I'm not sure what you are

11 trying to ask.

12 Q. Sure.

13 Did Goldman Sachs try to back

14 out the value of Minera Mexico by looking

15 at the overall value of Grupo Mexico and

16 the extent to which Minera Mexico

17 constituted assets of Grupo Mexico?

18 A. We did some illustrative

19 presentations in which we saw based on the

20 different pieces that Grupo Mexico has and

21 ascribing value to Minera Mexico based on

22 the deal at the time that was presented to

23 us meant in terms of value. We looked at

24 what that would mean from a Grupo Mexico

25 perspective.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Did that analysis inform  
3 Goldman Sachs' view as to what the proper  
4 valuation for Minera Mexico was?

5 A. Not in reality, because in  
6 Latin America, I mean, you have a lot of  
7 conglomerates that because of a host of  
8 reasons they trade at significant discount  
9 to the sum of the parts. So while it was  
10 analysis that we presented and we  
11 discussed, it was not analysis that was  
12 driving the ultimate valuation for Minera.

13 Q. I think you mentioned earlier  
14 on, and correct me if I'm wrong, that  
15 Goldman Sachs viewed this as a merger  
16 rather than an acquisition of one company  
17 by another. Can you explain to me a  
18 little bit more the basis for categorizing  
19 this transaction that way?

20 MR. BRANDT: I object to the  
21 form.

22 A. I corrected myself because  
23 "mergers" I think is a very technical  
24 word. So I corrected myself I think in  
25 the answer I gave.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 What I meant is that it was not  
3 an acquisition for cash, because there was  
4 basically stock of Southern Peru Copper,  
5 which is the acquirer of the company,  
6 being involved. So at the end of the day,  
7 no shareholder is exiting the combination.  
8 Everyone is staying in the common entity.  
9 And that's what I referred to.

10 So the merger may not be a fair  
11 characterization because it means other  
12 business connotations. That's what I  
13 meant. I think I had corrected myself in  
14 the answer.

15 MS. GOLDSTEIN: You had.

16 Q. I understand, thank you. I  
17 appreciate that.

18 How did Goldman Sachs review  
19 the due diligence materials that it  
20 reviewed for this case? Where were the  
21 due diligence materials kept? Let's start  
22 there.

23 A. Where were they kept?

24 Q. Yes.

25 A. There were data rooms that were

1       SANCHEZ - ATTORNEYS' EYES ONLY

2       put together for both companies. So those

3       due diligence materials were kept in the

4       data rooms that were set up for each of

5       the companies. And there were also

6       presentations that were done by

7       management, the management team. There

8       were also some due diligence materials.

9       And they had a lot of due diligence

10      materials. But if you are asking a

11      physical location, there were data rooms

12      set up.

13      Q.     Physically, where was the data

14      room for Southern Peru set up?

15      A.     I don't recall exactly the

16      location, but I believe it was -- I think

17      it was on the premises of the company, but

18      I don't recall exactly the room.

19      Q.     I guess the same would be true

20      for Minera Mexico, it was the premises of

21      that company?

22      A.     I don't know if it was on the

23      premises of the company or the lawyers. I

24      don't recall.

25      Q.     And who made the due diligence

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 requests to Minera and to Southern Peru?

3 Were those requests made by Goldman Sachs

4 I guess is my first question?

5 A. I don't recall exactly what was

6 done, but -- I don't recall exactly. It

7 is probably a collective effort.

8 Normally the way it works is

9 the advisor asks some questions on the

10 financial side, legal counsel asks

11 questions on the legal front, Anderson &

12 Schwab was asking questions on the

13 operational aspects. And it is something

14 that is not a fixed set of questions,

15 because obviously the more you learn, the

16 more questions you have. So it is a live

17 process. Obviously information had to be

18 furnished to us. It is a moving target.

19 Q. Do you recall any information

20 that was requested that was not provided?

21 A. I don't recall any particular

22 information that was not provided. Some

23 information took more time than what we

24 expected. But I don't recall that there

25 was information that we asked for that we



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 didn't get.

3 Q. Do you recall which information  
4 took longer to receive than you expected?

5 A. I don't recall the details.

6 Q. Were you ever told why it took  
7 so long to get the materials that you  
8 thought took a little longer than  
9 expected?

10 MS. GOLDSTEIN: Objection to  
11 form.

12 A. I don't remember.

13 Q. I'm going to try to drill down  
14 into some of the details of the DCF  
15 analysis that Goldman Sachs performed  
16 here. I would like you to take a look at  
17 this document that is No. 302. It is tab  
18 45 in the books for everyone.

19 I will represent to you that  
20 this was a document produced to us as a  
21 calculation that Goldman Sachs employed to  
22 form the basis of its DCF analysis. I  
23 would just like you to assume for today's  
24 questions that that's the case.

25 MS. GOLDSTEIN: This didn't

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 come from Goldman Sachs' production

3 though, did it?

4 MR. WAGNER: It was produced by

5 the Special Committee. But the

6 representation that I made is the

7 representation that we received.

8 MR. BRANDT: You received what?

9 MR. WAGNER: We received the

10 representation that this document and a

11 couple of others that appear similar to it

12 represent native Excel files that were

13 employed by Goldman Sachs in its DCF

14 analysis.

15 MR. BRANDT: Who gave you that

16 representation?

17 MR. WAGNER: They were produced

18 in response to our request for those

19 precise analyses, and this is the response

20 we got.

21 MR. HENKIN: So from Special

22 Committee counsel?

23 MR. WAGNER: It was ultimately

24 produced by Special Committee counsel. I

25 don't know why the reason for that is.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 But we had asked for those analyses and  
3 this is the answer that we got.

4 MR. BRANDT: I don't see that  
5 our production of particular documents  
6 that we have in our files, whatever, are  
7 best estimates of request or as a  
8 representation -- I mean, how would the  
9 Special Committee be in a position to make  
10 that representation?

11 MR. WAGNER: I'm sitting on  
12 this side of the table. I have no idea.

13 MR. BRANDT: Well, I don't  
14 think that is a representation. If that  
15 is what you are saying that they were  
16 produced in response to a request that you  
17 made on the Special Committee, I'm sure we  
18 did our best. But I don't think that that  
19 is a representation of what this document  
20 is, if it was generated by Goldman.

21 I mean, you have the Goldman  
22 witness here. I think you ought to ask  
23 him what it is.

24 MR. WAGNER: I think I already  
25 have.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. But I will ask you again, do  
3 you know what this document is?

4 A. I'm not familiar with this  
5 particular format. There were lots of  
6 pages I looked at at the time. But I  
7 cannot recall this particular format.

8 MR. HENKIN: I should actually  
9 ask a preliminary question. Do you have  
10 information about what the date of this  
11 document is?

12 MR. WAGNER: I'm about to try  
13 to tie it into the October presentation.

14 MR. HENKIN: Okay.

15 Q. Did Goldman Sachs ever produce  
16 Excel spreadsheets to perform the analyses  
17 and calculations that form the basis of  
18 its DCF analysis?

19 A. Yes, we had Excel spreadsheets.  
20 They were in different models that were  
21 provided by different sides of the deal.

22 Q. Did you personally work within  
23 those Excel spreadsheets --

24 A. In terms of typing numbers?

25 Q. Yes.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. No, I was not typing numbers on  
3 the spreadsheets.

4 Q. Who at Goldman Sachs was?

5 A. It was basically Ana and Sofia  
6 primarily.

7 Q. Let's look at page 17 of the  
8 October presentation. Keep that other  
9 document right there in front of you too,  
10 please.

11 A. Sure.

12 Q. On that single-page document,  
13 do you see the row, approximately halfway  
14 down, entitled "free cash flow"?

15 A. In this document or this one?

16 Q. I'm sorry, in the single-page  
17 document.

18 A. Yeah, I see it.

19 Q. Turning back to page 17, the  
20 A&S case for free cash flow there, it  
21 appears to me, let me know if it appears  
22 to you, that the free cash flows indicated  
23 for the years 2005 through 2013 are  
24 approximately the same free cash flows  
25 indicated on the single-page document?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. I'm not sure if they are  
3 similar. I'm looking, for example, at  
4 2014. This document says, the document  
5 you just gave me, it says 256 -- I'm  
6 sorry, 2014 is not on here.

7 Q. For example, in 2005 it says 29  
8 in the presentation and it says 28.9 on  
9 the single page.

10 A. So basically it is similar to  
11 the A&S case, that's right, yeah. Yes, it  
12 is similar to the A&S case in this  
13 presentation of October.

14 Q. Is the abbreviation NOL  
15 something that you are familiar with?

16 A. It is net operating losses.

17 Q. Let's flip back just one page  
18 in the October presentation, to page 16.  
19 Looking at this single-page document and  
20 at the page 16, earlier we were talking  
21 about excluding or including the net  
22 present value of tax benefits. You might  
23 remember that discussion we had and the  
24 value associated with non-operating  
25 assets, real estate assets, and the net

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 present value of synergies.

3 Would the NOLs on this DCF page

4 represent the net present value of tax

5 benefits, if you can discern that?

6 A. I don't know.

7 MS. GOLDSTEIN: On this page he

8 does not know about?

9 A. I don't know, I mean, how this

10 particular NOL, how it was derived. I

11 don't know.

12 Q. Let me ask this question: Does

13 this single-page document, No. 302, appear

14 to you to represent a discounted cash flow

15 analysis that arrives at the bottom at

16 enterprise value and equity value?

17 A. Well, that's what this page

18 says, yeah.

19 Q. But you don't know who

20 performed these calculations?

21 A. I don't recall. We had

22 extensive Excel spreadsheet models. As I

23 mentioned to you, it was a dynamic

24 process. You were asking me questions

25 before as to how to tie this. As things

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 were progressing, things were changing and  
3 assumptions were changing based on the  
4 latest information. I cannot -- I mean, I  
5 don't know how this page was generated.

6 Q. Let me ask this question: Did  
7 Anderson & Schwab perform any analysis  
8 on -- I will try to ask some more general  
9 questions and see if we can drill through  
10 some of this -- did Anderson & Schwab  
11 perform any analyses with respect to  
12 Minera Mexico projected grade and recovery  
13 percentages, ore grade and recovery  
14 percentages?

15 A. Anderson & Schwab looked at the  
16 life of mine of Minera Mexico and looked  
17 at obviously the curve that was being  
18 projected.

19 Q. Do you know if Anderson &  
20 Schwab did anything to verify the  
21 company's projections in that regard?

22 A. They had access to the  
23 facilities. They did due diligence on the  
24 projections. And they interacted with the  
25 management team.



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Do you know how Goldman Sachs  
3 developed the weighted average cost of  
4 capital of 8.5 percent for Minera?

5 A. It was using the traditional  
6 capital asset pricing model.

7 Q. Do you know the reason for the  
8 discrepancy between the 8.5 percent WACC  
9 that was determined for Minera Mexico and  
10 the 9 percent WACC that was determined for  
11 Southern Peru?

12 MR. HENKIN: Objection to the  
13 form.

14 A. I don't recall the specific  
15 differences, but one of the considerations  
16 is the fact is that you are dealing with  
17 different countries and with different  
18 risk perceptions with respect to the  
19 companies. Mexico was investment grade at  
20 the time and Peru was not. But I don't  
21 recall the exact reasons as to why there  
22 was a 0.5 difference.

23 Q. Did Goldman Sachs apply a  
24 country risk premium in its analysis?

25 A. I think so, yeah.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Do you know the value of the  
3 country risk premium?

4 A. I don't recall what was used.

5 Q. Do you know what the basis was  
6 for determining the country risk premium?

7 A. Normally the basis is you look  
8 at the difference between the spreads of  
9 long-term debt in U.S. dollars of an  
10 issuer in the U.S. vis-à-vis an issuer in  
11 each of the Latin American countries.

12 There is no perfect way to other  
13 countries, but that's a widely-used  
14 methodology.

15 Q. Looking at page 16 of the  
16 October presentation, it says a real  
17 discount rate of 8.5 percent. Would that  
18 be contrasted with a nominal discount  
19 rate?

20 A. Real means that it is adjusted  
21 for inflation. In a similar fashion the  
22 way you predict mining companies, you  
23 predict in real terms. So you have to  
24 basically use comparable tools for the  
25 operations you are discounting.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Did Anderson & Schwab perform  
3 any analyses on Southern Peru's projected  
4 ore grades and recovery rates?

5 A. They have the same access that  
6 they had to Minera Mexico. So they went  
7 to see each of the mines. They talked to  
8 the management team. They reviewed the  
9 projections and the historical  
10 performance.

11 Q. Would you agree that ore grades  
12 have a direct effect on copper production?

13 MR. BRANDT: This is asked and  
14 answered. We covered this this morning.

15 MR. WAGNER: No. I asked if  
16 ore grades have an effect on the company's  
17 valuation.

18 A. It depends on what you mean,  
19 "production." Obviously ore grades relate  
20 to the richness of the minerals.  
21 Basically the higher the ore grade, the  
22 more mineral you can extract per pound of  
23 rock. So in a sense if you have higher  
24 grades, if you move this amount of rock,  
25 you can generate more of the mineral.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. So a higher ore grade results

3 in a higher copper production, just to

4 make sure I understand, generally

5 speaking?

6 A. Basically if you move the same

7 amount of rock.

8 Q. Do you know how Goldman Sachs

9 projected ore grades going forward beyond

10 the consummation of the transaction?

11 A. It was pretty much based on the

12 life of mine project, I'm sorry, model

13 that was presented to us by both the

14 management team of Southern Peru and Grupo

15 Mexico with the corrections that Anderson

16 & Schwab suggested from a geological

17 perspective.

18 Q. Did Goldman Sachs look at

19 analyst reports in trying to project

20 copper or molybdenum prices going forward

21 after the consummation of the transaction?

22 A. We looked at the possible

23 sources of information that was out there.

24 And research reports from Wall Street

25 analysts was one of the sources, yes.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. And what were some of the other  
3 sources for those projections?

4 A. I think they are Brook Hunt  
5 reports and other mining reports that I  
6 cannot recall. Brook Hunt is a mining  
7 focus research house.

8 Q. Did Goldman Sachs ever  
9 consider, in making its valuation on  
10 Southern Peru, Southern Peru's ability to  
11 expand its capacity, its mining capacity?

12 A. It was considered in the life  
13 of mine model. I mean, there were some  
14 projects on both sides that they were very  
15 early stage and therefore whether those  
16 projects would be carried away or not, it  
17 was not clear at the time that they would  
18 be taken forward.

19 So some of those projects that  
20 were very early stage were not considered  
21 both on the Minera Mexico side and on  
22 Southern Peru Copper side. Most of the  
23 projects were coming from Minera because  
24 they had more projects to work on. But  
25 some of those were not considered because

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 they were just -- it was not clear whether

3 they were going to be ultimately

4 implemented.

5 Q. Did Goldman Sachs perform any

6 sensitivity analyses with respect to that

7 possibility of expansion capability?

8 A. I don't recall if we did a

9 specific sensitivity on that.

10 Q. Let's take a look at pages 21

11 through 23 of the October presentation,

12 please.

13 A. Which ones? Sorry.

14 Q. 21 through 23.

15 A. Okay.

16 Q. Just so I understand these,

17 these are a number of sensitivity analyses

18 showing the hypothetical number of

19 Southern Peru shares to be issued to Grupo

20 Mexico based on the relative values of

21 Southern Peru and Minera; is that correct?

22 A. That's correct.

23 Q. I want to show you this

24 document which was produced to us in a

25 similar manner.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 MS. GOLDSTEIN: A similar

3 manner as?

4 MR. WAGNER: As the other

5 spreadsheet that we were looking at. I

6 think I can tie this to Goldman Sachs a

7 little closer though. It is under tab 44.

8 We will mark this as No. 303.

9 (Plaintiffs' Exhibit 303 marked

10 for identification.)

11 MR. HENKIN: Is there

12 underlying Bates information that you have

13 about this one?

14 MR. WAGNER: Yes, I'm sorry.

15 It was introduced as SP COMM 054346.

16 MR. HENKIN: Was that --

17 MR. WAGNER: In native format.

18 MR. HENKIN: So .xls?

19 MR. WAGNER: Yes.

20 Q. Is this a document that looks

21 familiar to you?

22 A. In what sense? In terms of the

23 format?

24 Q. Well, I notice that it has

25 Goldman Sachs' emblem on it. Is this a

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 document that you recognize as being  
3 prepared by Goldman Sachs in connection  
4 with the Southern Peru/Minera Mexico  
5 transaction?

6 A. It has our logo and this is a  
7 format that we've used, similar to the one  
8 that we have on this page. I don't recall  
9 this particular page. But I agree with  
10 you it has our logo.

11 MR. WAGNER: There is another  
12 need to change the videotape. Let's do  
13 that as quickly as possible and keep  
14 moving. I think we are making good  
15 progress toward a conclusion.

16 THE VIDEOGRAPHER: The time on  
17 the video monitor is 2:19 p.m. We are off  
18 the record. This ends tape number two.

19 (Recess taken.)

20 THE VIDEOGRAPHER: We are back  
21 on the record. The time on the video  
22 monitor is 2:21 p.m. This starts tape  
23 number three.

24 BY MR. WAGNER:

25 Q. Describe for me the calculation



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 that Goldman Sachs performed to arrive at  
3 the number of shares to be issued by  
4 Southern Peru for its stake in Minera  
5 Mexico.

6 MR. BRANDT: I object to the  
7 form.

8 A. Are you referring to this page  
9 21?

10 Q. I'm just describing generally,  
11 what are the inputs for that calculation?

12 A. The inputs for this calculation  
13 is basically they discounted to present  
14 value of the life of mine output that was  
15 put there for Minera Mexico and also for  
16 Southern Peru Copper.

17 So you discount those two sets  
18 of values to present value, in this  
19 particular case, the different  
20 sensitivities. You divide one by the  
21 other, and that's how you basically get to  
22 the implied number of shares that it would  
23 represent.

24 Q. Just so I'm clear, would you  
25 try to then arrive at an equity value for

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Minera Mexico that you would then use to

3 try to equate with Southern Peru's equity

4 value?

5 MR. BRANDT: Can I just ask,

6 I'm going to object, I don't want to make

7 a speaking objection, but I think the

8 witness is talking about this page and you

9 are asking different questions.

10 MR. WAGNER: I don't think so.

11 I told him I was asking very generally

12 what are the inputs for that kind of --

13 for that calculation. I don't think he is

14 referring to the page at all.

15 A. I was referring to that page,

16 to this page. But going back to your

17 question, you use the same methodologies

18 to calculate the values for each of the

19 companies and then you compare one versus

20 the other to calculate the implied number

21 of shares.

22 Q. Looking at this page here,

23 there are a range --

24 A. Which one?

25 Q. I'm sorry, let's look at page

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 21 through 23, take your pick.

3 A. It doesn't matter.

4 Q. Let's take a look at 21. There  
5 is a range of discount rates between 7.5  
6 and 9.5 percent for each of these  
7 sensitivity analyses. Do you know how  
8 Goldman Sachs arrived at that range of  
9 discount rates?

10 A. Well, the range, once more, was  
11 meant to be for illustrative purposes.  
12 The result that came from the WACC, as you  
13 indicated before, was 8.5 percent. So  
14 that was basically the midpoint of the  
15 range. Then we were looking at some WACCs  
16 north of 8.5 and some WACCs south of 8.5.  
17 So basically what would be the  
18 sensitivities if you were to move the  
19 discount rate within the value that was  
20 the midpoint.

21 Q. Why wasn't another range of  
22 discount rates chosen? Why wasn't a wider  
23 range of discounts chosen? Let's ask that  
24 question.

25 A. No specific reason other than,

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 I mean, 200 basis points difference, it is  
3 an important -- it already shows the  
4 trends both up and down. One can  
5 extrapolate based on mathematical trends,  
6 if you want to roll over higher you can  
7 extrapolate what is the impact on the  
8 number of shares. There was no specific  
9 reason other than 2 percentage points is  
10 already a wide spread for WACCs.

11 Q. Do you remember the range of  
12 values that -- are the ranges of values  
13 that Goldman used for Southern Peru set  
14 forth on these three pages?

15 MR. HENKIN: Objection to the  
16 form.

17 A. The range of values, meaning,  
18 sorry?

19 Q. I'm sorry, ranges of values I  
20 guess in terms of number of shares of  
21 Southern Peru stock that Minera Mexico was  
22 worth.

23 MR. HENKIN: Objection to the  
24 form.

25 A. As you said, what this table

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 speaks out is basically the implied number  
3 of Southern Peru Copper shares that you  
4 get for Minera. So you can apply whatever  
5 market value it is that you want to apply  
6 to these numbers to calculate what is the  
7 implied value for Minera.

8 Q. Did Goldman try to reconcile  
9 those ranges of values with the market  
10 capitalization of Southern Peru that's  
11 shown on page 2 of this presentation?

12 MS. GOLDSTEIN: I object to  
13 form.

14 MR. HENKIN: Objection.

15 A. I don't recall there was a  
16 specific attempt to reconcile those  
17 values, other than obviously the values of  
18 Southern Peru Copper as I mentioned to you  
19 before as a publicly traded company were  
20 considered in our analysis.

21 Q. Do you know what the implied  
22 per share price of Southern Peru, what the  
23 range of per share prices is that was  
24 employed on these pages 21 through 23 of  
25 the October presentation?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 A. Well, there was no -- there was  
3 no implied per share value applied.  
4 Because, once more, the way this was  
5 calculated is based on the fundamental  
6 values of the two companies. There was no  
7 per share price that was factored into  
8 this analysis. It was basically what is  
9 the fundamental value of each of the  
10 companies that comes from discounting back  
11 the basis to present value and comparing  
12 those two. So there were no application  
13 of Southern Peru Copper market prices to  
14 these exchange ratios.

15 Q. Did Goldman ever determine a  
16 per share price for Minera Mexico?

17 A. Per share price for Minera  
18 Mexico?

19 Q. Yes. A value per share, did  
20 they ever place a value per share on  
21 Minera?

22 A. No. We focused on the exchange  
23 ratio for both companies.

24 Q. Did Minera Mexico in materials  
25 you saw through due diligence ever value

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 itself on a per share basis?

3 A. I don't recall if that was the  
4 case.

5 Q. I just want to make sure I have  
6 it right. I'm not a mathematician. I'm  
7 not an economist. I don't have any  
8 business schooling.

9 In calculating the number of  
10 shares to be issued to Grupo Mexico, I  
11 just want to make sure, Goldman Sachs  
12 divided Southern Peru's ownership stake in  
13 Minera Mexico, the equity value implied by  
14 that ownership stake, by Southern Peru's  
15 equity value on a price per share basis?

16 MR. BRANDT: Could I hear that  
17 question read back? I'm sure that you  
18 didn't ask what you meant to.

19 A. I also want to understand if  
20 you are referring to this particular  
21 analysis.

22 Q. Yes, I'm talking about this  
23 particular analysis.

24 MR. BRANDT: Could you read the  
25 question back.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 (The record was read.)

3 MR. WAGNER: I see where I went  
4 wrong.

5 MS. GOLDSTEIN: Do you want to  
6 try again?

7 MR. WAGNER: Sure.

8 Q. In calculating the number of  
9 shares to be issued to Grupo Mexico in  
10 this transaction, would you divide Grupo  
11 Mexico's ownership stake in Minera Mexico  
12 and the implied equity value resulting  
13 from that ownership stake by Southern  
14 Peru's DCF equity value on a price per  
15 share basis?

16 MR. HENKIN: Objection to the  
17 form. Assumes facts not in evidence.

18 A. Basically, obviously in this  
19 analysis the only thing that we factor in  
20 from a Minera Mexico perspective was  
21 whatever -- I'm sorry, whatever Southern  
22 Peru Copper was receiving, since they were  
23 not receiving 100 percent, therefore we  
24 only accounted for what was being received  
25 by Southern Peru Copper, that's correct.



1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. I want to look at this page,

3 No. 303 I think it is. My colleagues are

4 noting to use a piece of paper to see if

5 we can -- I'm going to go back to the last

6 question.

7 So to calculate the number of

8 shares that Southern Peru is to issue to

9 Grupo Mexico, you perform some division;

10 is that right?

11 A. That's correct.

12 Q. And what is the numerator of

13 that calculation?

14 A. Let me remember obviously

15 exactly how it was done. The numerator, I

16 believe, is the Minera Mexico equity

17 value, and equity value adjusted for

18 obviously the percentage that Grupo Mexico

19 own of Minera Mexico. There may have been

20 some other adjustments that I don't

21 recall. But the big picture is basically

22 the equity value of Minera Mexico times

23 the percentage that Grupo owns of Minera

24 Mexico, which was not 100 percent. It was

25 a little bit less than that.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. And that equity value is  
3 derived through the DCF analysis; is that  
4 correct?

5 A. That's correct.

6 Q. And what's the denominator for  
7 this equation?

8 A. The denominator is the equity  
9 value that comes out of Southern Peru  
10 Copper, right, divided by the number of  
11 Southern Peru Copper shares that Southern  
12 Peru Copper had issued.

13 Q. Again, the equity value of  
14 Southern Peru is the equity value  
15 derived --

16 A. From the life of mine model.

17 Q. From the DCF analysis?

18 A. That's correct.

19 Q. Was the number of shares issued  
20 and outstanding prior to the transaction  
21 consummation taken into account?

22 A. The number of shares  
23 outstanding?

24 Q. Yes.

25 A. Of Southern Peru?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Of Southern Peru, yes.

3 A. Yes.

4 Q. What about the additional  
5 shares that Southern Peru was going to  
6 issue -- was going to authorize in  
7 connection with the transaction? In other  
8 words, do you know whether Southern Peru  
9 had to authorize more shares of its own  
10 stock in order to pay Grupo Mexico for  
11 Minera Mexico?

12 A. I don't recall the exact -- if  
13 there were any approval to be made. I  
14 don't recall if there was an approval to  
15 be made or not.

16 Q. Then is it fair to say that you  
17 don't know whether Goldman Sachs took into  
18 account any additional shares that  
19 Southern Peru would have to authorize?

20 A. Sorry, take into account in  
21 what context?

22 Q. Well, I think you were just  
23 saying that you did take into account the  
24 number of shares issued and outstanding in  
25 performing this calculation that we were

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 just talking about.

3 Did Goldman Sachs additionally

4 take into consideration the number of

5 additional shares?

6 A. These are additional shares

7 that you have to issue, the ones that come

8 in the boxes.

9 Q. Do you understand those share

10 numbers being the number of shares of

11 Southern Peru in addition to those that

12 were already issued and outstanding that

13 Southern Peru would have to authorize in

14 order to pay Grupo Mexico?

15 MR. BRANDT: What shares?

16 Where? Where? On the page? What are you

17 talking about?

18 Q. Let's go back to page 2. Take

19 a look at page 2 of the October

20 presentation.

21 A. Sure.

22 Q. The second line down on that

23 page indicates SPCC number of shares

24 outstanding in millions. And it says 80.

25 A. That's correct.

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 Q. Then beneath that under Minera  
3 Mexico valuation it says number of shares  
4 of SPCC to be issued, 67.2.

5 A. That's correct.

6 Q. Do you know if Southern Peru  
7 had enough stock that was authorized but  
8 not outstanding that it could issue --  
9 that it could pay to Grupo Mexico for  
10 Minera?

11 A. I don't recall if there was --  
12 if they had enough at the time. Obviously  
13 if they didn't have enough at the time  
14 they would have to seek approval in the  
15 context of legal.

16 Q. Do you remember whether  
17 Southern Peru was asking its stockholders  
18 to approve the authorization of more  
19 stock?

20 A. I don't remember. But if it  
21 legally had to be asked, I'm sure it would  
22 have been asked.

23 Q. I guess my question then is --  
24 well, let me ask you this: You don't know  
25 one way or the other whether Southern Peru

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 had to issue more stock in this

3 connection; is that right?

4 A. No, they have to issue more

5 stock. They had to issue 67.2.

6 Q. So that's the amount of stock

7 that they have to pay out of their

8 treasury?

9 A. Out of -- I mean, those are the

10 shares they had to issue out of whatever

11 means to get the deal done.

12 Q. Either out of its treasury or

13 through further stock that was authorized,

14 however it was authorized?

15 A. The companies sometimes have

16 basically stock available for

17 authorization. If they don't have it,

18 they get the approval to issue more stock.

19 Q. So did Goldman Sachs ever

20 account for the authorization of more

21 Southern Peru shares in connection with

22 this transaction?

23 MR. BRANDT: I object to the

24 form.

25 A. I don't understand, sorry, what

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 is the point of the question? That is a  
3 formality.

4 Q. Well, we were talking here  
5 about the number of shares outstanding  
6 that was important for this calculation  
7 that we were talking about.

8 MR. BRANDT: Talking where? On  
9 the little yellow sheet you are drawing?

10 Q. On the little yellow sheet we  
11 were just discussing whereby Goldman Sachs  
12 determined the number of shares that would  
13 have to be paid to Grupo Mexico in this  
14 transaction; is that right?

15 MR. BRANDT: I object to the  
16 form.

17 MS. GOLDSTEIN: I object to the  
18 form. It mischaracterizes his testimony.

19 Q. We have an equation written  
20 down here. In the numerator I have  
21 written Minera Mexico equity value as  
22 derived from DCF analysis adjusted for  
23 ownership stake.

24 In the denominator it says  
25 equity value from Southern Peru derived

1        SANCHEZ - ATTORNEYS' EYES ONLY

2        from discounted cash flow analysis divided

3        by the number of shares of Southern Peru.

4                What does that equation

5        represent?

6                MR. HENKIN: Objection to the

7        form.

8                MR. BRANDT: I object to the

9        form. It is just what you wrote on the

10       page.

11        Q.     Did Goldman Sachs use that

12        equation to determine the number of shares

13        to be paid to Grupo Mexico in pages 21

14        through 23 of the October presentation?

15                MR. HENKIN: I'm sorry, don't

16        you have the native form of the

17        spreadsheets?

18        A.     Those are the main terms. I

19        mean, there may have been some further

20        adjustments to the actual equation.

21        Q.     And in terms of the number of

22        shares, you used the number of shares

23        outstanding at the time?

24        A.     That's correct.

25        Q.     If Southern Peru had to issue



1        SANCHEZ - ATTORNEYS' EYES ONLY

2        more stock, in other words, in addition to

3        the shares that were outstanding, did

4        Goldman Sachs take that into account in

5        doing its calculation?

6        A.     Not for this particular

7        analysis. The amount of the additional

8        shares that was issued was to get the

9        numerator. If you don't issue those

10       shares, you don't get the numerator.

11           I mean, when you are comparing

12       the equity value of Southern Peru Copper

13       without the benefit of Minera Mexico, you

14       compare that to the existing stock of

15       Southern Peru Copper because you are

16       valuing Southern Peru Copper.

17           If you are going to throw

18       Minera Mexico into the equation, the quid

19       pro quo for that is to issue additional

20       shares. But obviously they aren't

21       included in this analysis because it is a

22       post facto element. Once you get Minera,

23       you issue the shares.

24           I don't know if I've made

25       myself clear. But of course they are

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 considered, but this is the currency that  
3 you have to give to get the numerator.  
4 Here we are comparing Minera with Southern  
5 Peru alone. The deal has not happened.  
6 Once you get Minera, which is the  
7 numerator, you get the shares to get that  
8 value.

9 Q. So all of the inputs for this  
10 calculation assume that the transaction  
11 has yet to close; is that correct?

12 A. Well, everything assumes that a  
13 transaction has to close.

14 MR. WAGNER: Let's take a  
15 five-minute break.

16 THE VIDEOGRAPHER: The time on  
17 the video monitor is 2:41 p.m. We are off  
18 the record.

19 (Recess taken.)

20 THE VIDEOGRAPHER: We are back  
21 on the record. The time on the video  
22 monitor is 2:52 p.m.

23 BY MR. WAGNER:

24 Q. We talked a little while ago  
25 about the negotiation of registration

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 rights for Cerro and Phelps Dodge, and you

3 mentioned that you were generally aware of

4 those negotiations I think.

5 Do you know if Goldman Sachs

6 was involved at all in underwriting or

7 otherwise participating -- strike that.

8 Was Goldman Sachs at all

9 involved in underwriting the registration

10 rights?

11 A. No.

12 Q. Do you know if Goldman Sachs

13 was at all involved in the actual

14 registration that flowed from those

15 rights?

16 A. I don't think so.

17 Q. Do you remember if any Special

18 Committee members abstained from casting a

19 vote at the time that the Special

20 Committee voted to approve the transaction

21 with Minera?

22 A. No.

23 Q. Are you aware of the fact that

24 Southern Peru paid Grupo Mexico about \$30

25 million for the remainder of Minera Mexico

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 in October 2005?

3 A. No, I wasn't aware of that.

4 Q. Was Goldman Sachs, to your

5 knowledge, at all involved in that

6 follow-on transaction with Grupo?

7 A. No.

8 MR. WAGNER: That's it. We are

9 all done.

10 MR. HENKIN: I have just a few

11 questions.

12 EXAMINATION BY MR. HENKIN:

13 Q. Mr. Sanchez, as I mentioned, my

14 name is Doug Henkin. I represent AMC and

15 the inside directors. Just a few

16 questions.

17 Were you satisfied with the

18 process that was followed with respect to

19 Goldman's engagement in this matter?

20 MR. WAGNER: I object to the

21 form.

22 A. In what sense? Sorry.

23 Q. Were you happy with the way the

24 process worked from Goldman Sachs'

25 perspective?

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 MR. WAGNER: Objection to the  
3 form.

4 A. I thought the process -- I  
5 mean, I don't know if "happy" is the term.  
6 I think obviously we did -- I feel  
7 satisfied with the work that Goldman did  
8 and our involvement and obviously the due  
9 diligence that we were able to perform.

10 Q. At the end of the process, was  
11 there anyone who worked on the Goldman  
12 team for this project who had any doubts  
13 about whether Goldman should issue a  
14 fairness opinion?

15 MR. ZAGAR: I object to the  
16 form.

17 A. Not to my recollection.

18 Q. Did Goldman Sachs ultimately  
19 conclude that this transaction was a good  
20 deal for SPCC's minority shareholders?

21 MR. WAGNER: Objection to the  
22 form.

23 A. We recommended it was a good  
24 transaction for the minorities, otherwise  
25 we wouldn't have rendered the fairness

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 opinion.

3 Q. Why did Goldman come to that

4 conclusion?

5 MR. WAGNER: Same objection.

6 A. It was a host obviously of

7 angles. I mean, first of all, it was a

8 unique diversification play for Southern

9 Peru Copper. They could get into Mexico.

10 The growth prospects of Caridad and

11 Cananea, they were very compelling based

12 on the life of mine projections.

13 Southern Peru Copper growth

14 prospects, as was discussed with us, with

15 all the different people in the due

16 diligence, they were somewhat limited in

17 Peru. And in the mining world, creating

18 larger -- groups that have larger exposure

19 and an ability to basically fund for the

20 growth is the way to go and it has been

21 proven by the consolidation in the space.

22 MR. HENKIN: Thank you very

23 much, Mr. Sanchez.

24 THE VIDEOGRAPHER: The time on

25 the video monitor is 2:56 p.m. We are off

1 SANCHEZ - ATTORNEYS' EYES ONLY

2 the record. This ends the deposition.

3

4 [TIME NOTED: 2:56 p.m.]

5

6

7 \_\_\_\_\_  
MARTIN SANCHEZ

8

9 \_\_\_\_\_  
Subscribed and sworn to

before me this \_\_\_\_\_

10 day of \_\_\_\_\_, 2009.

11 \_\_\_\_\_

Notary Public

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## I N D E X

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HENKIN	171	

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## REQUESTS

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None

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IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE SOUTHERN PERU COPPER  
CORPORATION SHAREHOLDER  
DERIVATIVE LITIGATION

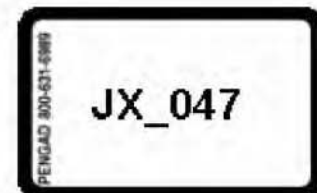
Consol. C.A. No. 961-VCS

**Expert Report of Daniel Beaulne**

**March 16, 2010**

A handwritten signature in blue ink, appearing to read "Daniel Beaulne", written over a horizontal line.

by Daniel Beaulne, CFA, CA, CBV  
of Duff & Phelps, LLC



A928

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## **1.0 INTRODUCTION**

At the request of Prickett, Jones & Elliott, P.A. and Barroway Topaz Kessler Meltzer & Check, LLP (collectively defined as “Counsel”), I, Daniel Beaulne, have prepared the following valuation report in regards to the above-referenced matter. I have been asked to render an opinion of the Fair Market Value (“FMV”) of Minera Mexico, S.A. de C.V. (collectively defined as “MM” or “the Company”) as of October 21, 2004 (the “Fairness Opinion Date”) and April 1, 2005 (the “Closing Date”). I have been asked to translate this FMV into the fair number of common shares of Southern Peru Copper Corporation that should be issued as a part of the acquisition of MM.

My opinions are based upon the information that has been made available to me by the Counsel and information I have obtained through my own research. In preparing my analysis, I reviewed the documents listed in Section 17.0. As appropriate, I may also develop demonstrative exhibits for use at trial based upon my analysis and other information as described in this written report. My opinions and analysis are subject to update, revision, and our further quality review process. Furthermore, I understand that additional information may become available after the date of this report. Accordingly, I reserve the right to make revisions as needed.

This report has been prepared in connection with the matter referenced on the cover page of this report. This report is to be used solely for the purposes of the subject litigation and is not to be used or relied upon for any other purpose without the express written consent of Duff & Phelps LLC.

During the course of my valuation analysis, I used and relied upon historical and projected financial data, independent reports, and other information provided to me. While my testimony and commentary may involve reference to valuation reports, accounting records, financial statements, and other provided documents, my analysis does not include an audit or review in accordance with generally accepted auditing standards (“GAAS”) of such reports, financial statements, and records. I also obtained and relied upon financial information and industry information from public sources I believe to be reliable. My conclusions are dependent upon

such information being reasonably complete and accurate in all material respects. As is customary in the business valuation profession, the scope of my work does not enable me to accept responsibility for the accuracy and completeness of such information or data, and I have accepted the accounting data, financial information, and other information provided to me from authoritative sources and the Company.

### **1.1 Qualifications of Duff & Phelps and the Designated Expert Witness**

Duff & Phelps Corporation (NYSE: DUF) is a leading provider of independent financial advisory and investment banking services, supporting client needs principally in the areas of valuation, transactions, financial restructurings and disputes. Duff & Phelps Corporation has more than 1,200 employees serving clients worldwide through offices in North America, Europe and Asia. Investment Banking services are provided by Duff & Phelps Securities, LLC. Duff & Phelps Securities, Ltd. is authorized and regulated by The Financial Services Authority. Hereinafter, Duff & Phelps Corporation and its affiliated entities will be collectively referred to as “D&P”.

This report was prepared by me and other personnel of Duff & Phelps LLC working under my supervision.<sup>1</sup> My opinions and analysis relating to this matter are set forth in this report. A summary of my experience and qualifications are provided in Section 12.0.

### **1.2 Scope of Analysis and Standard of Value**

I determined the FMV of the Company using customary and current valuation concepts and techniques which are generally accepted, tailored to the subject company and ownership interest, and giving active consideration to the facts and circumstances. For convenience, I have used business valuation terms as defined by the American Society of Appraisers in this report.

---

<sup>1</sup> Duff & Phelps is being compensated for the services of its personnel on a time and expense basis; billing rates for this engagement for Duff & Phelps personnel range from \$160 per hour to \$625 per hour. Due to the possibility of deposition and/or trial testimony, we are unable to assess a total invoice amount for our services at this time.



The standard of value in this assignment is FMV, which is generally defined in the business appraisal profession as: “the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting in arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of relevant facts.”<sup>2</sup> The premise of value is a Going-Concern.<sup>3</sup>

During the course of my work, I considered all relevant facts and factors as well as gathered and analyzed the relevant information necessary to perform an appraisal. Such information included:

- Characteristics of the business, business ownership interest, security or intangible asset to be valued, including rights, privileges, conditions, quantity, factors affecting control and agreements restricting sale or transfer;
- The nature, history and outlook of the business;
- Historical financial information for the business;
- Assets and liabilities of the business;
- The nature and conditions of relevant industries that have an impact on the business;
- Economic factors affecting the business;

---

<sup>2</sup> Fair Market Value as defined by the American Society of Appraisers’ “Business Valuation Standards 2008” *Glossary*; and (and the American Institute of Certified Public Accountants “Statement of Standards for Valuation Services No.1”) Appendix B, *International Glossary of Business Valuation Terms*; also see the Internal Revenue Service’s definition of FMV as “the price that property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell, and both having reasonable knowledge of relevant facts.” Rev. Rul. 59-60, 1959-1 CB 237 - IRC Sec. 2031 (See also Section IRC 2512).

<sup>3</sup> A going-concern company is assumed to be able to generate or obtain enough resources so as to continue its operations indefinitely.

- Capital markets providing relevant information; e.g., available rates of return on alternative investments, relevant public stock market information and relevant merger and acquisition information;
- Prior transactions involving the subject business, intangible assets of the subject business, or securities of the subject business; and
- Other information deemed to be relevant.

In this regard, my procedures, investigations, and financial analyses with respect to the preparation of this report included, but were not limited to, the items summarized below:

- (1) Analyzed the historical financial performance of the Company;
- (2) Analyzed and considered documents provided by Counsel, such as Goldman Sachs' ("Goldman") "Discussion Materials for the Special Committee of Disinterested Directors" presentation dated October 21, 2004<sup>4</sup> (the "Fairness Opinion Presentation"), third-party metallurgical studies by Mintec, Inc. and Winters, Dorsey & Co.<sup>5</sup>, and working papers by Anderson & Schwab ("A&S")<sup>6</sup>;
- (3) Analyzed certain other relevant, publicly available information, including economic, industry, and investment information, and trends with respect to the industry in which the Company operates;

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<sup>4</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003745.

<sup>5</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003744.

<sup>6</sup> AS0001018-AS0001029, at AS0001020 – AS0001022.

- (4) Performed certain valuation analyses using generally accepted valuation and analytical techniques, including the discounted cash flow analysis and an analysis of selected guideline public companies;<sup>7</sup>
- (5) Read pleadings, motions, depositions, and related documents filed by Plaintiffs and Defendants in the litigation matter at issue; and
- (6) Read and analyzed such other documents, including investment and financial studies, and conducted other analyses as deemed appropriate.

During the course of my work, I considered various documents and information provided to me regarding this matter, and I also performed certain independent research. The documents I considered include, but are not limited to, the documents identified on the summarized list in Section 17.0.

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<sup>7</sup> Guideline public companies are engaged in the same or similar lines of business as the Company and are actively traded on a free and open market. Source: American Society of Appraisers' "Business Valuation Standards 2008" *Glossary*.

## **2.0 TRANSACTION OVERVIEW**

### **2.1 Company Description**

Minera Mexico, S.A. de C.V. is a holding company whose subsidiaries mine, smelt, and refine metallic elements. The Company is Mexico's largest copper producer and mining company, with headquarters in Mexico City and all operations conducted domestically.<sup>8</sup> Copper, zinc, and silver sales comprise the majority of MM's revenue, with mainly molybdenum, gold, and lead sales comprising the remainder.<sup>9</sup> A more detailed description of Minera Mexico can be found in Section 13.0.

As of the Fairness Opinion Date and the Closing Date, 99.15 percent of MM's 769.6 million shares are ultimately held by Grupo Mexico, S.A. de C.V. ("Grupo Mexico") through the holding company Americas Mining Corporation ("AMC"). Grupo Mexico is a public company that trades under the ticker symbol "GMEXICO" on the Bolsa Mexicana de Valores, S.A. de C.V. ("Bolsa"). Grupo Mexico owns 100.0 percent of AMC and 99.998 percent of Infraestructura y Transportes Mexico, S.A. de C.V. ("ITM"). Through AMC, Grupo Mexico owns 54.2 percent of Southern Peru Copper Corporation ("SPCC") and 100.0 percent of Asarco Incorporated ("Asarco") in addition to MM. Both SPCC and Asarco primarily produce copper, with operations in Peru and the United States, respectively. ITM owns subsidiaries that provide railway transport for various activities in Mexico.<sup>10</sup>

### **2.2 Transaction Description**

On October 21, 2004 SPCC entered into an agreement to acquire the full 99.2 percent of Grupo Mexico's ownership stake in MM. The terms of the agreement allowed SPCC to issue Grupo Mexico 67.2 million common shares of SPCC and assume no more than \$1.0 billion in debt related to MM. Goldman indicated the Equity Value of MM was \$3.1 billion utilizing the common share price of SPCC as of the Fairness Opinion Date. In addition, the transaction

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<sup>8</sup> In regards to 2003 consolidated net sales of \$781.6 million

<sup>9</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F

<sup>10</sup> Grupo Mexico, S.A. de C.V. 2003 Annual Report

caused Grupo Mexico to increase its ownership stake from 54.2 percent to 75.1 percent in SPCC's common shares.

Goldman was engaged to assist the Special Committee of Disinterested Directors of SPCC ("Special Committee") tasked with evaluating this potential transaction. As part of this engagement, Goldman prepared its own analysis, and the Special Committee engaged Anderson & Schwab ("A&S") to provide mining expertise in consideration of the financial projections. On the Fairness Opinion Date, Goldman provided a presentation to the Special Committee; it discussed the transaction and issued a fairness opinion that attested the value paid by SPCC for MM was equitable to the minority shareholders of SPCC.

Below is a chart showing the post-transaction structure of Grupo Mexico.<sup>11</sup>

**Table 1: Post-Transaction Grupo Mexico Corporate Structure**

GRUPO MEXICO'S STRUCTURE AFTER THE MERGER



<sup>11</sup> Grupo Mexico, S.A. de C.V. 2004 Annual Report

### **3.0 INDUSTRY OVERVIEW**

Metals exploration is a highly speculative, risky, and costly industry. Many years can follow the discovery of a mineral occurrence to the actual fruition of a producing mine. Several phases of drilling and testing geologic data are necessary to develop new opportunities, yet generally require significant capital expenditures. Additionally, to determine production possibilities it is necessary to conduct feasibility studies, analyze the ore grade, and predict recovery rates.<sup>12</sup>

Global copper mine production remained at 13.7 million metric tons in 2003. Mexico supplied 2.6 percent of the worldwide copper in 2003 and MM was responsible for approximately 81.9 percent of the Mexican copper production, totaling 291,259 metric tons.<sup>13 14</sup>

In 2004, global mine production of copper, which had been essentially stagnant during the preceding two years, rose by about 6.0 percent to a record-high of 14.6 million metric tons.<sup>15</sup> At 5.4 million metric tons, Chile remained the leading copper mine producing country in 2004 and accounted for more than 37.0 percent of total world production. Behind Chile, the top copper mine producing countries, in order of total estimated 2004 production, included the United States, Peru, Australia, and Indonesia; Mexico ranked twelfth with estimated production of 405,540 metric tons.<sup>16</sup>

#### **3.1 Current Environment**

One major factor influencing the performance of mining companies is the market price of metals produced. Metals prices on the whole finished 2004 up almost 25 percent, due to low inventories and strong demand, most notably from China. However, increased mine operations were expected to bring more product to market in the second half of 2005 and to help ease prices.<sup>17</sup>

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<sup>12</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F

<sup>13</sup> 2.6 percent is calculated from production data in the United States Geological Survey 2004 Copper Yearbook

<sup>14</sup> MM production number is from Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F

<sup>15</sup> United States Geological Survey 2004 Copper Yearbook

<sup>16</sup> United States Geological Survey 2004 Copper Yearbook

<sup>17</sup> World Economic Outlook, April 2005

As of the Fairness Opinion Date and the Closing Date, copper prices had significantly increased from previous years. A global shortfall in production that began in 2003 and gained momentum in 2004, led to a sharp decline in global refined copper inventories and a rise in copper prices. Prices rose in the last quarter of 2003, averaging at \$0.94 per pound, a 23.7 percent change from the first quarter average.<sup>18</sup> The copper price rally at the end 2003, which was encouraged by a production deficit, stock draw downs, and announcements of potential supply disruptions, continued almost uninterrupted through the first quarter of 2004. The price continued to rise in 2004, with occasional swings due to its speculative nature. Following a peak in March and a dip in August, the price of copper closed the year at \$1.49 per pound.<sup>19</sup> Near the end of 2004, copper prices were forecasted to remain strong in the near-term future and into 2005 with an analyst average of \$1.22 per pound.<sup>20</sup> Analysts remained bullish on copper due to the tight supply market, a weak United States dollar, and strong global demand in the industrial sector, particularly from Asia.<sup>21</sup>

Although industry spending towards development and production had been less than historical norms, copper companies such as Phelps Dodge Corporation, BHP Billiton, Freeport McMoRan, and Coldelco had also announced plans to increase production and in turn, shrink the deficit. MM was also taking advantage of capital expenditure opportunities and planned to invest \$250.0 million in Solvent Extraction-Electrowinning (“SX/EW”) operations, for an estimated 150,000 tons per year in increased production.<sup>22</sup>

The price of zinc rose along with most other base metal prices in 2004. It averaged \$0.47 per pound in the second quarter of 2004<sup>23</sup>, rising from an average of \$0.35 per pound in the second quarter of 2003. Net exports from China, the market’s largest miner, smelter, and consumer, have decreased 57.1 percent over the past two years and are expected to drop even further throughout 2004. In 2005, strong demand is expected from the United States and Asian markets, while the European galvanized steel industry should remain flat. The low zinc price from 2001

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<sup>18</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F

<sup>19</sup> United States Geological Survey 2004 Copper Yearbook

<sup>20</sup> Discussion Materials for the Special Committee of Disinterested Directors of Southern Peru October 21, 2004

<sup>21</sup> Citigroup Grupo Mexico Analyst Report October 20, 2004

<sup>22</sup> Citigroup Grupo Mexico Analyst Report October 20, 2004

<sup>23</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F, second period average is through June 25, 2004

to 2003 led to a reduction in capacity of almost 6.0 percent of global refined output, allowing capacity utilization to rise to 91.0 percent in September 2004. Overall, the zinc market is tight and analysts predict zinc cash prices to rise in 2005 and 2006<sup>24</sup>; long term price estimates are at \$0.45 per pound.<sup>25</sup> At the end of March 2005, analysts remained bullish on the outlook for zinc prices.<sup>26 27</sup>

Molybdenum prices averaged \$13.25 the first nine months of 2004, as compared to \$4.98 the first nine months of 2003, implying a 166.1 percent price increase over the year.<sup>28</sup> The prosperity of the European stainless steel industry helped increase demand, while China's reduction in exports contributed to the supply deficit. In mid-2004, price forecasts for molybdenum from 2005 to 2007 varied from \$4.00 to \$14.00 per pound.<sup>29 30</sup>

According to CRU, world demand for molybdenum in 2004 outpaced supply, with consumption up 7.1 percent and supply up only 5.0 percent. Inventories were at their lowest levels in 14 years, impacted by the fall in Chinese exports and rise in global steel demand. By the first quarter of 2005, molybdenum prices had become extremely volatile and were at cyclically high levels of \$33.00 per pound, nine times the metals' historical 10 year average. Analysts were predicting that the market would move back into balance sometime in 2006<sup>31</sup>, but price forecasts for molybdenum between 2005 and 2007 varied from \$3.50 to over \$30.00 per pound.<sup>32 33 34</sup>

Silver prices were also increasing, having risen from \$4.59 per ounce in the second quarter of 2003 to \$6.25 per ounce in the second quarter of 2004. Analysts attributed the increase in price

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<sup>24</sup> Kaupthing Boliden Analyst Report September 30, 2004

<sup>25</sup> Citigroup Zinifex Ltd Analyst Report June 30, 2004

<sup>26</sup> Morgan Stanley Antofagasta Analyst Report March 31, 2005

<sup>27</sup> Orion Securities Mining Weekly Analyst Report March 21, 2005

<sup>28</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F

<sup>29</sup> Morgan Stanley Antofagasta Analyst Report July 28, 2004

<sup>30</sup> Purchasing.com "Molybdenum Price Heads Toward \$18"; [http://www.purchasing.com/article/221129-Molybdenum\\_price\\_heads\\_toward\\_18.php](http://www.purchasing.com/article/221129-Molybdenum_price_heads_toward_18.php)

<sup>31</sup> Morgan Stanley Antofagasta Analyst Report March 31, 2005

<sup>32</sup> Ibid

<sup>33</sup> Canaccord Capital Mining & Metals Analyst Report March 15, 2005

<sup>34</sup> JPMorgan Antofagasta Analyst Report January 26, 2005



to a lack of increasing supply, rising global demand, and a weak United States dollar. In 2004 and 2005, long term estimates for the price of silver ranged from \$6.00 to \$7.00 per ounce.<sup>35 36 37</sup>

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#### 4.0 HISTORICAL PERFORMANCE AND FINANCIAL RESULTS

The following financial data is based on MM's and Grupo Mexico's consolidated historical financial statements.<sup>39</sup>

**Table 2: Historical Financial Results - MM**

Selected Historical Financial Results							
	Year Ended December 31,				Nine Months Ended September 30,		
	2001	2002	2003	2004	2003	2004	
<b>Consolidated Statement of Operations:</b>							
Net Sales	\$ 901.5	\$ 723.8	\$ 781.6	\$ 1,381.0	\$ 526.9	\$ 973.1	
Sales Growth	-20.1%	-19.7%	8.0%	76.7%		84.7%	
Cost of Sales	765.7	576.5	551.8	663.0	377.9	460.1	
% of Sales	84.9%	79.6%	70.6%	48.0%	71.7%	47.3%	
Gross Profit	135.8	147.3	229.8	718.0	149.0	513.0	
Gross Profit Margin	15.1%	20.4%	29.4%	52.0%	28.3%	52.7%	
Administrative Expenses	39.3	41.8	36.4	42.0	29.2	30.2	
% of Sales	4.4%	5.8%	4.7%	3.0%	5.5%	3.1%	
Depreciation, Amortization and Depletion	89.6	89.8	103.5	115.0	76.7	85.8	
Operating Income	6.9	15.7	90.0	561.0	43.1	397.0	
Operating Income Margin	0.8%	2.2%	11.5%	40.6%	8.2%	40.8%	
Operating Income Growth	-94.7%	128.4%	471.4%	523.4%		821.0%	
Consolidated Net (Loss) Income	\$ (154.3)	\$ 84.4	\$ (35.2)	\$ 385.0	\$ (91.8)	\$ 276.6	
<b>Consolidated Balance Sheets:</b>							
Total Assets	\$ 2,667.6	\$ 2,666.8	\$ 2,564.5	\$ 2,718.0	\$ 2,564.5	\$ 2,590.4	
Cash and Cash Equivalents	47.6	115.6	56.1	164.7	56.1	45.8	
Total Debt	1,335.9	1,322.2	1,322.2	1,041.2	1,322.2	1,039.9	
Stockholders' Equity	\$ 542.4	\$ 640.1	\$ 707.9	\$ 1,089.0	\$ 707.9	\$ 982.8	

<sup>35</sup> National Bank Financial Silver Standard Resources Analyst Report June 28, 2004

<sup>36</sup> Orion Securities Inc. Western Silver Corp. Analyst Report October 5, 2004

<sup>37</sup> Orion Securities Mining Weekly Analyst Report March 21, 2005

<sup>38</sup> Canaccord Capital Mining & Metals Analyst Report March 15, 2005

<sup>39</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F; Grupo Mexico 2004 Annual Report. Note that 2004 Cost of Sales was calculated given Operating Income, Net Sales, Administrative Expenses, and Depreciation and 2004 Stockholders' Equity was calculated by subtracting Total Liabilities from Total Assets.

The Company's financial performance is significantly affected by the market prices of copper, zinc, and silver. The metals market is highly competitive, volatile in pricing and sensitive to changes in the domestic and international economy. These factors have a significant impact on the Company's selling prices and overall profitability.

The Company's diverse metal portfolio helps to mitigate the effects of market price fluctuations. Of the consolidated net sales in 2003, 66.0 percent were related to the sale of copper, 12.9 percent were related to the sale of zinc, 9.4 percent were related to the sale of silver, and the balance was related to the sale of molybdenum, gold, lead, other metals and by-products, and metals trading activities.

During 2001 and 2002, the Company experienced lower revenues and a drop in liquidity due to decreases in copper prices, which averaged \$0.73 per pound in 2001 and \$0.72 per pound in 2002. As a result, the Company became non-compliant with its debt covenant and defaulted under certain payment obligations. MM began to renegotiate the terms of its debt in the fourth quarter of 2002 and ultimately entered into a series of definitive agreements restructuring the terms of its indebtedness in April of 2003. The restructured debt agreement was secured by substantially all of the Company's assets and included restrictions on the incurrence of additional debt and on the disposal of assets, limiting the Company's flexibility to respond to changing business or economic conditions.

As a result of the restructured debt agreement, the Company changed its business plan. The changes included the suspension of all but critically necessary capital expenditures, and took several steps to downsize its operations in order to preserve cash resources, including selective curtailment in production and reduction of working capital.

The global market for copper improved during 2003 as a result of increasing demand growth in China and falling inventory levels. In 2003, copper prices averaged \$0.81 per pound for the year and reached \$1.04 per pound at year-end. Copper prices continued to rise in 2004, averaging \$1.29 per pound and closing the year at \$1.49 per pound. The higher prices were expected to

result in increased mining capacity, and the Company was beginning to restore its copper production to pre-curtailment levels; from 2003 to 2004, MM increased its production by approximately 10.0 percent.<sup>40</sup>

Overall, financial performance in 2001, 2002 and 2003 was adversely affected by the depressed metal prices and lower sales volumes. Net sales dropped 19.7 percent between 2001 and 2002, from \$901.5 million to \$723.8 million. Net sales in 2003 reached \$781.6 million, an increase over the prior year, yet still 13.3 percent lower than 2001 levels. The growth from 2002 to 2003 was due in large part to increases in the sale prices of copper, zinc and silver by approximately 9.2 percent, 5.1 percent, and 6.8 percent, respectively.

As a result of the restructuring efforts, higher metal prices, and increases in the volume of copper produced, the Company's financial prospects improved significantly in 2004. The Company reported sales of \$1,381.0 million, up 76.7 percent from 2003. The sizeable increase over the year was largely a result of increases in the sale price of copper and molybdenum, which rose by 59.1 percent and 205.6 percent, respectively.

The principal raw materials of fuel, electricity, and water used in the Company's operations, are all subject to fluctuation. Cost of sales also varies depending on labor, facility conditions, and other unexpected factors. During 2003 the Company adopted a strategy placing greater emphasis on cost reduction and rationalization operations, including improving the efficiency of the production process in order to reduce the production cost per copper pound sold. The strategy led to significantly lower smelting and refining charges and a reduction in third party mineral purchases. As a result, cost of sales in 2003 was \$551.8 million, representing 70.6 percent of net sales, down from \$576.5 million in 2002 or 79.6 percent of net sales. In 2004, cost of sales increased over 20.0 percent due to higher energy prices, mainly electricity, and other materials. The 23.0 percent increase in smelter production and 17.0 percent increase in refined copper production contributed to the increase as well.<sup>41</sup>

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<sup>40</sup> Grupo Mexico 2004 Annual Report

<sup>41</sup> Ibid.

Administrative expenses were higher in 2002 primarily due to expenses related to the restructured indebtedness and represented 5.8 percent of net sales, up from 4.4 percent of net sales in 2001. Administrative expenses dropped back down in 2003 to 4.7 percent of net sales; the decline was due primarily to the positive impact of the devaluation of the Mexican peso on salaries and benefits expressed in United States dollars and a reduction in professional fees paid. Although administrative expenses increased by 15.4 percent from 2003 to 2004, the expense as a percent of net sales decreased by 1.7 percent.

## **5.0 VALUATION APPROACHES**

To estimate the FMV, I considered the following standard valuation approaches: the Income Approach, the Market Approach, and the Cost Approach.

### **5.1 Income Approach**

The Income Approach indicates the FMV of a business based on the value of the cash flows that a business enterprise can be expected to generate in the future. This approach is commonly applied through the Discounted Cash Flow Method. In the Discounted Cash Flow Method the cash flows analyzed are available cash flows to all investors, both debt holders and equity holders, or income excluding interest payments and net of any non-cash items (commonly referred to as “debt-free cash flows”). The rate of return or discount rate used in this method is a weighted average rate of return that considers the required returns to both debt and equity investors, commonly referred to as a Weighted Average Cost of Capital (“WACC”). Implicit in discounting available cash flows is a return on the available cash flows from reinvestment in the subject company or by the investors at the WACC.

### **5.2 Market Approach**

The Market Approach indicates the FMV of a business based on a comparison of the business to comparable publicly traded companies and transactions in its industry. I implemented the

Market Approach through the Guideline Publicly Traded Company Method. I also considered the Guideline Merged and Acquired Company Method, but did not rely on this approach.

### **5.2.1 Guideline Publicly Traded Company Method**

The Guideline Publicly Traded Company Method indicates the FMV of a business by comparing it to publicly traded companies in similar lines of business. The conditions and prospects of companies in similar lines of business depend on common factors such as overall demand for their products and services. An analysis of the market multiples of companies engaged in similar businesses yields insight into investor perceptions and, therefore, the value of the subject business.

After identifying and selecting the guideline publicly traded companies, their business and financial profiles were analyzed for relative similarity to MM as of the Fairness Opinion Date and the Closing Date. Considerations for factors such as size, business description, business segment operations, target market, and products and services offered were also analyzed and compared to the subject business. Once these differences and similarities were determined, valuation multiples of the guideline publicly traded companies were calculated. These multiples were then applied to MM operating results to estimate the FMV of the business.

### **5.2.2 Guideline Merged and Acquired Company Method**

In the Guideline Merged and Acquired Company Method, the FMV of a business is determined based on exchange prices in actual transactions and on asking prices for controlling interests in companies currently offered for sale. The process involves comparison and correlation of the subject business with other similar companies. The Guideline Merged and Acquired Company Method was not relied upon in my conclusion of FMV because after a search for transactions, a comparable group could not be found.

### **5.3 Cost Approach**

I also considered but did not apply the Cost Approach. This approach estimates the individual FMVs of all tangible and intangible assets of a business enterprise. Since MM is a profitable business, a willing buyer would value the Company based on future earnings and dividends. Therefore, I did not apply the Cost Approach in my analysis of the Company.

### **5.4 Summary**

I selected the Income Approach and Guideline Publicly Traded Company Method as the most relevant and appropriate approaches given the nature of the Company. I applied these approaches to determine the FMV of MM as of the Fairness Opinion Date and the Closing Date.

## **6.0 INCOME APPROACH**

As noted above, the Income Approach indicates the Enterprise Value of an entity based on the present value of the cash flows that the entity can be expected to generate in the future. A commonly used application of this approach is the Discounted Cash Flow Method.

The Discounted Cash Flow Method is comprised of two steps: 1) Estimate future cash flows for a certain discrete projection period; and 2) Discount the cash flows to present value at a rate of return that considers the relative risk of achieving the cash flows and the time value of money.

I applied the Discounted Cash Flow Method in which I assumed that all cash flows, after making required investments in working capital and capital expenditures, were available cash flows for the debt and equity holders. These cash flows were then discounted utilizing an overall return on the WACC as described in this Section 6.3 below.

### **6.1 Operating Forecast Assumptions**

In applying the Discounted Available Cash Flow Method, I considered the projections and forecasts provided by MM's management through the year 2083<sup>42</sup> that correspond to the "Key Operating and Financial Metrics" shown in the Goldman presentation Fairness Opinion Presentation.<sup>43</sup>

For both the Fairness Opinion Date and Closing Date analyses, my projections include assumptions and forecasts based on third-party metallurgical studies; Mintec, Inc. for Mexicana de Cananea, S.A. de C.V. ("Cananea") and Winters, and Dorsey & Co. for Mexicana de Cobre, S.A. de C.V. ("Caridad") and Industrial Minera Mexico, S.A. de C.V. ("IMMSA").<sup>44</sup> Furthermore, my projections incorporate modifications as

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<sup>42</sup> GS-SPCC 054346.xls

<sup>43</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003745.

<sup>44</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003744.

recommended by A&S. A&S is a mining consulting firm retained by the Special Committee to evaluate the financial projections. As part of the firm's scope of work, A&S attended presentations by MM management. Additionally, A&S conducted a site visit to Mexico to visit the mining and metallurgical facility of MM and evaluated materials in a data room located in Mexico City.

Overall, A&S focused on the following areas:

- Geological model, mineralogy, ore types, grade variations, structure, hardness, etc.;
- Methodology of ore reserves and resources;
- Operating costs;
- Future mining and processing plans in comparison to historical costs;
- Expected and anticipated capital expenditures, both to maintain current production and for new projects;
- Environmental performance and legacy issues;
- Health and safety issues, performance and costs; and
- Personnel levels, employment issues, labor contracts, and employee relations.

Based on its review of the data and analysis, A&S recommended modifications and adjustments to the forecasts provided by the management.<sup>45</sup>

In reference to these projections, I reviewed the major forecast assumptions in conjunction with MM's historical financial performance based on its publicly filed financial statements and internal documents as of and prior to the Fairness Opinion Date and Closing Date. In addition, I considered industry trends around the time of the Fairness Opinion Date and the Closing Date that included Wall Street analyst reports and metals and mining industry publications. Furthermore, I researched economic projections for Mexico by reviewing economic publications and articles. Below are detailed accounts of the operating assumptions relied on in order to arrive at Debt-Free Net

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<sup>45</sup> AS0001018-AS0001029, at AS0001020 – AS0001022.



Income (“DFNI”)<sup>46</sup> in the construction of the Discounted Cash Flow model for MM as of the Fairness Opinion Date and Closing Date.

### 6.1.1 Net Sales

#### *Production*

MM’s copper production consists of copper concentrates, refined copper cathodes, and copper rods. Production of copper concentrates begins with ore mined from the IMMSA, Caridad, or Cananea mines. Thereafter, a metal grade percentage and metal recovery percentage is applied to the mined ore to ascertain the recoverable metal content. Lastly, the recoverable metal content is grossed up by the concentrate grade percentage to arrive at the amount of copper concentrate produced. The following formula represents the calculation of copper concentrate production:

$$\text{Copper Concentrate} = \text{Mined Ore} \times \text{Metal Grade \%} \times \text{Metal Recovery \%} \div \text{Concentrate Grade \%}$$

The production of refined copper cathodes is determined by taking the produced copper concentrate and dividing by an anodes grade percentage, while the production of copper rods is the result of taking the refined copper cathodes and applying a copper recovery rate. The following table presents the Company’s projected annual copper production for 2004 through 2050:<sup>47</sup>

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<sup>46</sup> Debt-Free Net Income represents the net income that is generated by the firm without taking into consideration the firm’s specific financing decisions. DFNI can be calculated by taking net sales and deducting production costs, selling expenses, general and administrative costs, exploration expenses, depreciation and depletion, workers profit sharing expenses, and income taxes.

<sup>47</sup> Exhibit 1; SP COMM 003723 – SP COMM 003759, at SP COMM 003745.

**Table 3: Minera Mexico Projected Annual Copper Production**

**2004E – 2050E**

**(In Thousands of Metric Tons)**

2004E	2005E	2006E	2007E	2008E	2009E	2010E	2020E	2030E	2040E	2050E
317.6	329.1	334.0	439.6	395.6	406.0	430.6	375.8	324.8	249.7	293.3

Compared to 2003 copper production of 320.2 thousand metric tons<sup>48</sup>, copper production is projected to decrease approximately 0.8 percent by 2004 before increasing approximately 3.6 percent in 2005. From 2004 through 2010, copper production is forecasted to grow at compounded annual growth rate (“CAGR”) of approximately 5.2 percent. Long-term copper production is projected to decrease as ore reserve levels decline. Beginning in 2049 through 2053, MM is expected to utilize copper concentrates from Asarco and other metal producers. Subsequent to 2053, total copper production will be negligible.

#### *Price Forecast*

As part of my analysis, I researched the historical futures price curves of copper, silver, and gold as of the Fairness Opinion Date and the Closing Date utilizing the Bloomberg Financial Database. In addition, I researched Wall Street analyst reports for price outlooks of copper, silver, gold, and molybdenum published on or prior to the Fairness Opinion Date and the Closing Date. The following tables present the projected prices for copper, gold, silver, and molybdenum as of the Fairness Opinion Date and Closing Date through 2007 and the long-term outlook:

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<sup>48</sup> GS-SPCC 054346.xls, tab “Metrics”.

**Table 4a: Annual Projected Metal Prices – Fairness Opinion Date**  
**2004E – 2007E +**

<b>Metal</b>	<b>2004E</b>	<b>2005E</b>	<b>2006E</b>	<b>2007E</b>	<b>Long-Term</b>
Copper <sup>49</sup> (\$/lb.)	\$1.25	\$1.21	\$1.08	\$1.00	\$0.90
Silver <sup>50</sup> (\$/oz.)	\$5.50	\$6.73	\$6.00	\$6.00	\$5.00
Gold <sup>51</sup> (\$/oz.)	\$350.00	\$393.37	\$375.00	\$375.00	\$340.00
Molybdenum <sup>52</sup> (\$/lb.)	\$6.36	\$6.00	\$4.25	\$3.75	\$3.50

For 2004, I relied on copper, silver, gold and molybdenum prices forecasted by MM's management and as researched by Goldman.<sup>53</sup> As the Fairness Opinion Date is near the end of the 2004 calendar year, the price estimates should closely represent the actual price at that point in time.

For 2005, I relied on the average monthly futures prices for copper, silver, and gold utilizing the Bloomberg Financial Database. For the 2005 molybdenum price, I relied on Wall Street analyst reports and selected the median projected price.

For 2006 and thereafter, I relied on Wall Street analyst reports and selected the median price projections for copper, gold, silver, and molybdenum prices.

<sup>49</sup> GS-SPCC 054346.xls, tab "Price"; Bloomberg Financial Database; SP COMM 003723 – SP COMM 003759, at SP COMM 003758.

<sup>50</sup> GS-SPCC 054346.xls, tab "Price"; Bloomberg Financial Database; "Southern Peru Copper Corp.: IQ04 Earnings: Impressive", Centura Sab. April 22, 2004, at 1; "Freeport McMoran Copper & Gold", Prudential Equity Group, LLC, October 19, 2004, at 5.

<sup>51</sup> GS-SPCC 054346.xls, tab "Price"; Bloomberg Financial Database; "Freeport –McMoran: 3Q in Line: Better Production Rates Ahead, but Risk to 4Q", Morgan Stanley, October 21, 2004, at 2; "Freeport-McMoran Copper: Grasberg is back—Copper production to increase 50% yoy," JPMorgan, October 20, 2004, at 1; "Freeport McMoran Copper & Gold", Prudential Equity Group, LLC., October 19, 2004, at 5.

<sup>52</sup> GS-SPCC 054346.xls, tab "Price"; "Southern Peru Copper Corp.: IQ04 Earnings: Impressive", Centura Sab. April 22, 2004, at 1; "Southern Peru Copper Corporation", RBC Capital Markets. April 30, 2004, at 2; "Antofagasta", Morgan Stanley. July 28, 2004, at 6; "Antofagasta: Even in Worst Case, Looks Cheap; Raising Rating, target", Santander Central Hispano. May 19, 2004, at 1; "Antofagasta: Downgrading Antofagasta to Underweight; catalysts are running out", JPMorgan. June 11, 2004, at 4; "GEM Steel, Mining & Cement", Bear Stearns. September 22, 2004, at 59; "Rock, Paper, Scissors: China Concerns Hurt Commodity Stocks", Citigroup Smith Barney, October 18, 2004, at 24.

<sup>53</sup> SPCC uses a long-term copper price of \$0.90 and a long-term molybdenum price of \$4.50 in its business plan as of December 31, 2004, Southern Peru Copper Corporation 2004 10-K, at A14.

**Table 4b: Annual Projected Metal Prices – Closing Date**  
**2005E – 2007E +**

<b>Metal</b>	<b>2005E</b>	<b>2006E</b>	<b>2007E</b>	<b>Long-Term</b>
Copper <sup>54</sup> (\$/lb.)	\$1.45	\$1.20	\$1.10	\$0.95
Silver <sup>55</sup> (\$/oz.)	\$6.43	\$6.75	\$6.75	\$6.75
Gold <sup>56</sup> (\$/oz.)	\$392.35	\$450.00	\$448.00	\$440.00
Molybdenum <sup>57</sup> (\$/lb.)	\$24.50	\$13.75	\$8.50	\$3.50

For 2005, I relied on the average monthly futures prices for copper, silver, and gold utilizing the Bloomberg Financial Database. For the 2005 molybdenum price, I relied on Wall Street analyst reports and selected the median projected price.

<sup>54</sup> Bloomberg Financial Database; “Antofagasta: Copper Upgrades Cost Pressures Remain”, Morgan Stanley, March 31, 2005, at 4; “PD: Lowering First Quarter Earnings Estimate Due to Wet Weather in U.S. Southwest”, Prudential Equity Group, LLC, March 29, 2005, at 4; “Metals & Mining: Raising 2Q Metals Forecast”, Citigroup Smith Barney, March 28, 2005, at 2; “Mining Weekly”, Orion Securities, March 21, 2005, at 9; “Latin American Copper: Raising estimates and price targets on strong 4Q results”, Deutsche Bank, March 17, 2005, at 14; “Mining and Metals Weekly Valuation and Key Issues: Mining Capex Set for New Records”, Canaccord Capital Corporation, March 15, 2005, at 19; “BHP Billiton: WMR Acquisition – Justified if Olympic Dam Expansion and Higher Long Term Metal Prices are Assumed”, RBC Capital Markets, March 16, 2005 at 4; “Antofagasta: Reported Strong 2004 Results and Higher Dividend. Maintain Buy”, Citigroup Smith Barney, March 16, 2005, at 3; “European Miners: Upgrading earnings on revised base metals outlook” JPMorgan, March 9, 2005, at 2.

<sup>55</sup> Bloomberg Financial Database; “Mining Weekly”, Orion Securities, March 21, 2005, at 9; “Latin American Copper: Raising estimates and price targets on strong 4Q results”, Deutsche Bank, March 17, 2005, at 14; “Mining and Metals Weekly Valuation and Key Issues: Mining Capex Set for New Records”, Canaccord Capital Corporation, March 15, 2005, at 19; “Metals & Mining Monthly: Price ‘Restraint’ Seen in 1988 or 1989 Clearly Absent Today”, Prudential Equity Group, March 3, 2005, at 6; “Antofagasta: Q4 Production in-line, falling head-grades impact valuation”, JPMorgan, January 26, 2005, at 5.

<sup>56</sup> Bloomberg Financial Database; “Metals & Mining: Raising 2Q Metals Forecast”, Citigroup Smith Barney, March 28, 2005, at 2; “Mining Weekly”, Orion Securities, March 21, 2005, at 9; “Latin American Copper: Raising estimates and price targets on strong 4Q results”, Deutsche Bank, March 17, 2005, at 14; “Mining and Metals Weekly Valuation and Key Issues: Mining Capex Set for New Records”, Canaccord Capital Corporation, March 15, 2005, at 19; “Metals & Mining Monthly: Price ‘Restraint’ Seen in 1988 or 1989 Clearly Absent Today”, Prudential Equity Group, March 3, 2005, at 6; “Antofagasta: Q4 Production in-line, falling head-grades impact valuation”, JPMorgan, January 26, 2005, at 5.

<sup>57</sup> “Antofagasta: Copper Upgrades Cost Pressures Remain”, Morgan Stanley, March 31, 2005, at 4; “Mining and Metals Weekly Valuation and Key Issues: Mining Capex Set for New Records”, Canaccord Capital Corporation, March 15, 2005, at 19; “PCU: 4Q Results Trough Estimates on Higher Volumes/Margins”, Bear Stearns, March 15, 2005, at 1-2; “Antofagasta: Q4 Production in-line, falling head-grades impact valuation”, JPMorgan, January 26, 2005, at 5.

For 2006 and thereafter, I relied on Wall Street analyst reports and selected the median price projections for copper, gold, silver, and molybdenum prices.

The annual projected metal prices presented above for both analyses do not include any refining premiums or charges, or treatment costs. For certain products created and sold by MM, additional refining premiums and/or deductions for treatment and refining charges were applicable; when applicable, I relied on MM management's forecast of premiums and charges.

#### *Net Sales*

For both the Fairness Opinion Date and Closing Date analyses, the annual net sales for the Company were calculated by multiplying annual production by the annual price. In addition, purchases of products by MM were deducted to arrive at net sales. The following tables present projected annual net sales as of the Fairness Opinion Date and Closing Date through 2050:<sup>58</sup>

**Table 5a: Minera Mexico Annual Projected Net Sales – Fairness Opinion Date**

**2004E – 2050E**

**(In \$ Millions)**

2004E	2005E	2006E	2007E	2008E	2009E	2010E	2020E	2030E	2040E	2050E
\$1,239	\$1,291	\$1,196	\$1,356	\$1,175	\$1,198	\$1,251	\$990	\$725	\$523	\$396

Projected net revenue generally oscillates for years 2004 through 2010 with a CAGR of approximately 0.2 percent, compared to the actual 2002 to 2003 growth rate of approximately 2.2 percent.<sup>59</sup> The near-term improvement in net sales over 2002 and 2003 is primarily due to the favorable increase in copper prices coupled with increased copper production. Over the long-term, net revenue will decrease as copper production declines.

<sup>58</sup> Exhibit 1; Exhibit 5.

<sup>59</sup>  $(718.05 / 702.44) - 1 = 0.022$  (GS-SPCC 054346.xls, tab "Revenue").

**Table 5b: Minera Mexico Annual Projected Net Sales – Closing Date**

**2005E – 2050E**

**(In \$ Millions)**

<b>2005E</b>	<b>2006E</b>	<b>2007E</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2020E</b>	<b>2030E</b>	<b>2040E</b>	<b>2050E</b>
\$1,559	\$1,365	\$1,495	\$1,250	\$1,272	\$1,326	\$1,048	\$762	\$555	\$425

Similar to the short-term annual projected net sales as of the Fairness Opinion Date described above, net revenue generally oscillates for years 2005 through 2010 with a CAGR of approximately negative 3.2 percent, a decrease from the 2002 to 2003 growth rate of approximately 2.2 percent.<sup>60</sup> The near-term improvement in net sales over 2004 is primarily due once again to the favorable increase in copper prices coupled with increased copper production. Over the long-term, net revenue will decrease as copper production declines.

### **6.1.2 Production Costs**

Production costs represent the largest component of overall operating costs. They are calculated using production levels and unit production costs. For the purpose of both my analyses as of the Fairness Opinion Date and Closing Date, my unit production costs reflect MM management forecast as adjusted by A&S.

Production costs are partially offset by Grupo Mexico's practice of capitalizing stripping costs.<sup>61</sup> As such, capitalized stripping costs as projected by MM management for Caridad and Cananca are included.

Historically, production costs averaged approximately \$0.71 per pound for years 2002 and 2003.<sup>62</sup> Projected production costs as of the Fairness Opinion Date are expected to

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<sup>60</sup> (718.05 / 702.44) - 1 = 0.022(GS-SPCC 054346.xls, tab "Revenue").

<sup>61</sup> Minera Mexico, S.A. DE C.V. 2003 Form 20-F, at 45; "Grupo Mexico: Upside risk of a 'copper supercycle'", BBVA Securities, Inc. September 9, 2004, at 15 and 31.

gradually increase from \$0.67 per pound in 2004 to \$0.70 per pound in 2006 before gradually decreasing throughout the remainder of the life of mine projections.<sup>63</sup> Similarly, projected production costs as of the Closing Date are expected to increase from \$0.69 per pound in 2005 to \$0.70 per pound in 2006 before experiencing a gradual decrease thereafter.<sup>64</sup>

### **6.1.3 Selling Expenses**

Selling costs are the second largest component of operating costs. Selling expenses are calculated using production levels and unit selling costs. For the purpose of both my analyses as of the Fairness Opinion Date and Closing Date, I relied on the unit selling costs as forecasted by MM management and adjusted by A&S.

Historically, selling expenses averaged \$0.07 per pound for years 2002 and 2003.<sup>65</sup> On a forward basis, selling expenses as of the Fairness Opinion Date and Closing Date are generally expected to range between \$0.06 per pound to \$0.09 per pound.<sup>66</sup>

### **6.1.4 General & Administrative Cost**

MM management projected general and administrative costs to remain relatively flat over 2002 and 2003, averaging approximately \$41.3 million a year.<sup>67</sup> I am projecting general and administrative costs as of the Fairness Opinion Date and Closing Date to remain flat at \$32.5 million for years 2004 through 2013.<sup>68</sup> Thereafter, general and administrative costs are projected to gradually decline to zero by 2054.<sup>69</sup>

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<sup>62</sup> GS-SPCC 054346.xls, tabs "Financial" and "Metric".

<sup>63</sup> Exhibit 1.

<sup>64</sup> Exhibit 5.

<sup>65</sup> GS-SPCC 054346.xls, tabs "Financial" and "Metric".

<sup>66</sup> Exhibit 1; Exhibit 5.

<sup>67</sup> GS-SPCC 054346.xls, tab "Financial".

<sup>68</sup> Exhibit 1; Exhibit 5

<sup>69</sup> Exhibit 1 Exhibit 5

### 6.1.5 Exploration Expense

Exploration expense is the last and smallest component of MM's operating costs. Exploration expense represents the costs associated with evaluating future mining operations for currently existing mines. Historically, exploration expense remained flat at \$5.6 million for years 2002 and 2003.<sup>70</sup> I am projecting exploration expense as of the Fairness Opinion Date and Closing Date to remain flat at \$5.2 million for years 2004 through 2016;<sup>71</sup> thereafter, it is projected to gradually decline to zero by 2054.<sup>72</sup>

### 6.1.6 EBITDA Margin

The Earnings Before Interest, Tax, Depreciation, and Amortization ("EBITDA") margin is calculated as net sales less production costs, selling expenses, general and administrative costs, and exploration expenses. For both the Fairness Opinion Date and Closing Date analyses, MM's EBITDA margin is expected to improve over historical 2002 and 2003 levels, primarily driven by the favorable improvement in copper prices and increases in production. For years 1999 through 2003, the average EBITDA margin was approximately 17.4 percent.<sup>73</sup> However, due to the aforementioned increase in base metal prices and production, EBITDA margins as of the Fairness Opinion Date for years 2004 to 2013 are projected to average approximately 49.4 percent, and EBITDA margins as of the Closing date for years 2005 through 2013 are projected to average approximately 52.8 percent. For both analyses, an adjustment was necessary to the first calendar year to remove the actual realized EBITDA for the months preceding the Valuation Date, i.e., nine months for the Fairness Opinion Date and three months for the Closing Date.

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<sup>70</sup> GS-SPCC 054346.xls, tab "Financial".

<sup>71</sup> Exhibit 1; Exhibit 5.

<sup>72</sup> Exhibit 1; Exhibit 5

<sup>73</sup> EBITDA margin calculation consists of adding depreciation and depletion expense to operating income and then dividing by net sales, e.g.,  $(141.9 + 167.3) / 1,689.7 = 0.183$  (Mincra Mexico, S.A. DE C.V. 2003 Form 20-F, at 5-6).



### **6.1.7 Depreciation and Depletion Expense**

Depreciation and depletion expense is estimated based on existing assets and future capital expenditures. I have relied on MM's management's depreciation and depletion forecast as adjusted by A&S for both the Fairness Opinion Date and Closing Date analyses.

### **6.1.8 Workers Profit Sharing**

It is my understanding that according to Mexican law, all businesses are required to distribute 10.0 percent of earnings for a fiscal period to its employees.<sup>74</sup> As such, I have adjusted Earnings Before Interest and Tax ("EBIT") to include a 10.0 percent deduction for workers profit sharing for both the Fairness Opinion Date and Closing Date analyses.<sup>75</sup>

### **6.1.9 Income Taxes**

The Mexican tax rate law enacted on January 1, 2002, reduced the 35.0 percent income tax rate by one percentage point each year until it reaches 32.0 percent in 2005.<sup>76</sup> Accordingly, as of the Fairness Opinion Date income taxes are calculated based on a statutory tax rate of 33.0 percent for 2004 and 32.0 percent, thereafter. This law was subsequently amended on November 13, 2004 to reduce the income tax rate in 2005 to 30.0 percent, and the rate will continue to lower by one percentage point each year until it reaches 28.0 percent in 2007.<sup>77</sup> As of the Closing Date income taxes are based on a statutory tax rate of 30.0 percent for 2005, 29.0 percent for 2006, and 28.0 percent, thereafter.

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<sup>74</sup> Minera Mexico, S.A. DE C.V. 2003 Form 20-F, at 5.

<sup>75</sup> Exhibit 1 and Exhibit 5.

<sup>76</sup> Grupo Mexico, S.A.B. de C.V. 2003 Annual Report, at 40.

<sup>77</sup> Grupo Mexico, S.A.B. de C.V. 2004 Annual Report, at 41.

## **6.2 Cash Flow Forecast Assumptions**

Below are detailed accounts of the operating assumptions that were relied on in order to arrive at Debt-Free Cash Flow (“DFCF”)<sup>78</sup> from DFNI in the construction of the Discounted Cash Flow model for MM.

### **6.2.1 Depreciation Expense**

For both the Fairness Opinion Date and Closing Date analyses, depreciation expense was added back to DFNI in each year as a part of the calculation of DFCF; while these expenses are deductible for income tax purposes, they do not require an actual cash outflow.

### **6.2.2 Working Capital Investment**

Working capital is the difference between current assets and current liabilities, excluding short-term debt obligations. Working capital investments represent the amount of net short-term funds required to effectively support operations. For both the Fairness Opinion Date and Closing Date analyses, expected changes in working capital were deducted from DFNI in each year as a part of the calculation of DFCF. Working capital investment assumptions are based on MM management projections.

### **6.2.3 Capital Expenditures**

Minera Mexico is expected to make future capital expenditures necessary to maintain existing operations and expand current operations in order to facilitate the forecasted growth in production, as detailed above in Section 6.1.1. For both the Fairness Opinion

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<sup>78</sup> Debt-Free Cash Flow is a measure of financial performance that expresses the net amount of cash that is generated by the firm in a given year after taking into consideration operating expenses, taxes, changes in net working capital, and capital expenditures. DFCF represents the cash flows available for distribution among all the debt and equity holders of a firm.

Date and Closing Date analyses, the forecasted capital expenditures are deducted from DFNI in each year as a part of the calculation of DFCF.

The Company's projected capital expenditures incorporate Cananea's "Alternative 3 Life of Mine Schedule". The plan optimizes Cananea's operations to satisfy certain production targets and thereby eliminate the need for MM to invest in relocating a concentrator.<sup>79</sup>

#### **6.2.4 Tax Benefits**

The Fairness Opinion Presentation mentions potential tax benefits for MM with present values ranging from \$0-\$131 million resulting from net operating losses and asset tax recovery.<sup>80</sup> The schedules and estimates provided by MM management to Goldman on this matter were requested during discovery, but not produced. Without this information I am unable to evaluate and quantify the likelihood, timing, and amounts of these potential benefits, and have not included any value for them in my analysis.

#### **6.2.5 Present Value of Free Cash Flows**

When applying the Income Approach, the cash flows expected to be generated by an asset are discounted to their present value equivalents using a rate of return that reflects the relative risk of the investment, as well as the time value of money. For each year of the discrete projection period, I multiplied the available DFCF by a present value factor ("PVF") to represent the amount an investor would pay as of the Fairness Opinion Date or the Closing Date.

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<sup>79</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003745; GS-SPCC 001855 – GS-SPCC 002097, at GS-SPCC 001858.

<sup>80</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003744

The PVF was calculated as follows:

$$PVF = 1 / (1 + WACC)^{(\text{Time to Mid-Point in Period})}$$

Where Time to Mid-Point in Period is the time stated in years from the Fairness Opinion Date or the Closing Date to the mid-point of each projected year.

I applied the WACC as my discount rate in order to bring the projected cash flows to their present value.

### **6.3 Weighted Average Cost of Capital**

The WACC is based on the individual required rates of return for equity and interest-bearing debt. The WACC is calculated by weighting the required returns on interest-bearing debt and equity capital in proportion to their estimated percentages in an optimal capital structure.

The formula for calculating the WACC is:

$$WACC = (K_d * d\%) + (K_e * e\%)$$

Where:

$K_d$	=	After-tax required return on debt capital;
$d\%$	=	Debt capital as percentage of total invested capital;
$K_e$	=	Required return on equity capital; and
$e\%$	=	Equity capital as a percentage of total invested capital.

*Required Return on Debt Capital:* The cost of debt capital is the rate a prudent debt investor would require on interest-bearing debt. The after-tax rate of return on debt capital is expressed by the formula:

$$K_d = (K) \times (1 - t)$$

Where:  $K_d$  = After-tax cost of debt capital  
 $K$  = Pre-tax cost of debt capital  
 $t$  = Effective income tax rate

In order to determine the cost of debt, I reviewed the credit ratings of selected companies comparable to MM, as determined in the Market Approach and discussed in detail below. I concluded that BB would be the most appropriate credit rating as of the Fairness Opinion Date and the Closing Date.

*Required Return on Equity Capital:* I utilized the Capital Asset Pricing Model (“CAPM”) to determine the cost of equity. CAPM estimates the rate of return on common equity as the current risk-free rate of return on United States Treasury bonds, plus a market risk premium expected over the risk-free rate of return, multiplied by the “beta” for the stock, plus a country risk premium when applicable. Beta is a risk measure that reflects the sensitivity of a company’s stock price to the movements of the stock market as a whole.

CAPM is expressed by the following formula:

$$K_e = R_f + \beta * (R_m - R_f) + CRp$$

Where:  $K_e$  = Rate of return on equity capital  
 $R_f$  = Risk-free rate of return  
 $\beta$  = Beta or systematic risk for this type of equity investment  
 $R_m$  = Expected return on a broad portfolio of stocks in the market  
 $R_m - R_f$  = Market risk premium  
 $CRp$  = Country risk premium

I utilized the 20-year government bond rating for determining the risk-free rate. Additionally, I found the predicted betas of the selected comparable companies from the Market Approach using betas calculated from Barra's Global Equity Model (GEM1) database. I unlevered the betas of the comparable companies in order to remove the effects of the specific company capital structure. I then relevered the average of these betas with the industry debt to equity capital structure. I multiplied this beta by the market risk premium which I determined to be 4.0 percent. Lastly, I utilized the country risk premium for Mexico as presented in the Damodaran Country Risk Premium publication.

### **6.3.1 Conclusion of the WACC**

After performing the WACC analysis, I determined the nominal discount rate for MM to be 9.0 percent as of the Fairness Opinion Date and 10.0 percent as of the Closing Date. Due to MM management projections being expressed in real terms<sup>81</sup>, it was necessary to utilize a real discount rate. I utilized a long-term inflation rate of 2.5 percent as projected in the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters.<sup>82</sup> After removing the effects of inflation from the nominal WACC, I determined the appropriate real discount rate for MM to be 6.5 percent as of the Fairness Opinion Date and 7.5 percent as of the Closing Date. This calculation for the Fairness Opinion Date is detailed in Exhibit 2, and the calculation for the Closing Date is detailed in Exhibit 6.

## **6.4 Indicated Enterprise Value from the Discounted Cash Flow Method**

I summed the present value of the available cash flows for the life of the mines to arrive at an indicated value of MM's enterprise value before adjustments. The implicit assumption of the Discounted Cash Flow model is that cash flows are reinvested at the

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<sup>81</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003745.

<sup>82</sup> For the Fairness Opinion Date, the Survey of Professional Forecasters, Third Quarter 2004, dated August 20, 2004 projected long-term inflation at 2.500%. For the Closing Date, the Survey of Professional Forecasters, First Quarter 2005, dated February 14, 2005 projected long-term inflation at 2.450%.

WACC by either the company or the investors. Using this methodology, as detailed in Exhibit 1, the calculated enterprise value for MM as of the Fairness Opinion Date was \$2.8 billion. Exhibit 5 details the conclusion for this approach as of the Closing Date, which determines an enterprise value for MM of \$3.4 billion.

## **7.0 MARKET APPROACH**

The Market Approach indicates the FMV of a business based on a comparison of the business to comparable publicly traded companies and transactions in its industry. The Market Approach can be implemented through the Guideline Publicly Traded Company Method or the Guideline Merged and Acquired Company Method. I applied the Market Approach through the Guideline Publicly Traded Company Method as there were not sufficient comparable transactions with which to apply the Guideline Merged and Acquired Company Method.

### **7.1 Guideline Publicly Traded Company Method**

The Guideline Publicly Traded Company Method indicates the FMV of a subject company by comparing the subject company to publicly traded companies in similar lines of business. Market participants routinely use the Guideline Publicly Traded Company Method to evaluate businesses in transactions involving large and small businesses, and entire businesses or interests in businesses. An analysis of the market multiples of companies engaged in similar businesses yields insight into investor perceptions and, therefore, the value of the subject company.

#### **7.1.1 Selection of Guideline Companies**

I identified a set of publicly traded companies based primarily on industry classifications<sup>83</sup> that were similar to MM as of the Fairness Opinion Date and the Closing Date. Thereafter, I screened each of these companies based on size.<sup>84</sup> This procedure yielded a group of companies I refer to as Screened Guideline Companies, which passed

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<sup>83</sup> I selected publicly-traded companies operating primarily within the 'Diversified Metals and Mining' industry as designated by Capital IQ as of the Fairness Opinion Date and the Closing Date. The Capital IQ 'Diversified Metals and Mining' industry designation is further broken out into sub-industries, and I narrowed my search to include only those companies operating in the 'Diversified Metal Ores' sub-industry, specifically those who produce 'Copper Ores'.

<sup>84</sup> I eliminated companies whose Total Enterprise Value ("TEV") fell outside a range of \$1.0 billion to \$12 billion (Capital IQ defines TEV as market capitalization minus cash plus total debt, preferred stock and minority interest).



a broad test of comparability with MM based on objective measures. The Screened Guideline Companies were further analyzed based on qualitative factors such as business description, business segment operations, target market, and products and services offered.<sup>85</sup> Based on my analysis of these factors, the following companies comprise a group I refer to as Selected Guideline Companies:<sup>86</sup>

**Table 6: Selected Guideline Companies**

<b>Selected Guideline Companies</b>
Antofagasta plc
Grupo Mexico SA de CV
Phelps Dodge Corp.
Southern Copper Corp.

#### **7.1.2 Computation of Guideline Market Multiples**

I computed and examined the following multiples for each of the Selected Guideline Publicly Traded Companies to derive indications of the value of MM as of the Fairness Opinion Date:

- Enterprise Value (“EV”)<sup>87</sup> / Projected 2004 Calendar Year (“CY”) EBITDA;
- EV / Projected 2004 CY EBIT;
- EV / Projected 2005 CY EBITDA; and
- EV / Projected 2005 CY EBIT

<sup>85</sup> In 2003, Minera Mexico’s consolidated net sales consisted primarily of copper (66.0 percent), but also included the sale of zinc (12.9 percent), silver (9.4 percent), molybdenum (4.9 percent), gold (1.5 percent), and lead (1.4 percent), among others. As a result, I included only those companies that generated more than 50 percent of their revenues from the sale of copper and excluded those companies that generated more than 20 percent of their revenues from the sale of precious metals in 2003. I excluded Boliden AB because its copper operations were predominantly smelting & refining and they had significant amounts of zinc operations.

<sup>86</sup> The business descriptions of these companies are found in Appendix 16.

<sup>87</sup> Enterprise Value is defined as market capitalization plus third party long-term debt minus cash plus minority interest and capital leases.

I computed these multiples on a “forward” basis. To determine Projected EBITDA and EBIT, I relied upon the median of analysts’ estimates provided by independent third-party sources where data was available, or from the most recent equity analyst report available as of the Fairness Opinion Date for each comparable company.

I computed and examined the following multiples for each of the Selected Guideline Publicly Traded Companies<sup>88</sup> to derive indications of the value of MM as of the Closing Date:

- EV / Actual 2004 CY EBITDA;
- EV / Actual 2004 CY EBIT;
- EV / Projected 2005 CY EBITDA; and
- EV / Projected 2005 CY EBIT

I computed the Projected 2005 multiples listed above on a “forward” basis. To determine Projected 2005 CY EBITDA and 2005 CY EBIT, I relied upon the median of analysts’ estimates provided by independent third-party sources where data was available, or from the most recent equity analyst report available as of the Closing Date.

## **7.2 Indicated Enterprise Value from the Guideline Publicly Traded Company Method**

After deriving the selected multiples, I estimated the Enterprise Value of MM as of the Fairness Opinion Date by multiplying the selected multiples by MM’s operating parameters for the projected calendar year ended December 31, 2004 and December 31, 2005. The following chart depicts the indicated Enterprise Value of MM; all numbers are presented in millions. Using this methodology, as detailed in Exhibit 3, the calculated Enterprise Value for MM was \$2.8 billion as of the Fairness Opinion Date.

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<sup>88</sup> Projected 2005 multiples were not available used for Southern Copper as analysts no longer provided forecasts for the company on a standalone basis after the announcement of the transaction.

**Table 7a: Market Approach Conclusion – Fairness Opinion Date**

MINERA MEXICO		(In \$USD millions)			
	CY 2004E		CY 2005E		
	EBITDA	EBIT	EBITDA	EBIT	MEDIAN
Operating Metric	\$ 623.1 <sup>1</sup>	\$ 518.4 <sup>1</sup>	\$ 642.8 <sup>2</sup>	\$ 484.6 <sup>2</sup>	
Selected Multiple	4.55x	5.23x	4.95x	5.84x	
Implied Enterprise Value	\$ 2,833.8	\$ 2,710.6	\$ 3,179.2	\$ 2,829.5	\$ 2,831.7
Notes:					
<sup>1</sup> Figures represent Minera Mexico's DCF values using analyst consensus estimate prices for base metals and adjusted for workers profit sharing.					
<sup>2</sup> Figures represent Minera Mexico's DCF values using market prices for base metals where liquid markets exist, analyst consensus estimates for all other base metal prices and adjusted for workers profit sharing.					

After deriving the selected multiples, I estimated the Enterprise Value of MM as of the Closing Date by multiplying the selected multiples by MM's operating parameters for the actual calendar year ended December 31, 2004 and the projected calendar year ended December 31, 2005. The following chart depicts the indicated Enterprise Value of MM; all numbers are presented in millions. Using this methodology, as detailed in Exhibit 7, the calculated Enterprise Value for MM was \$3.3 billion as of the Closing Date.

**Table 7b: Market Approach Conclusion – Closing Date**

MINERA MEXICO		(In \$USD millions)			
	CY 2004A		CY 2005E		
	EBITDA	EBIT	EBITDA	EBIT	MEDIAN
Operating Metric	\$ 676.0 <sup>1</sup>	\$ 561.0 <sup>1</sup>	\$ 884.5 <sup>2</sup>	\$ 726.3 <sup>2</sup>	
Selected Multiple	4.18x	4.70x	4.30x	5.07x	
Implied Enterprise Value	\$ 2,823.9	\$ 2,637.2	\$ 3,807.2	\$ 3,683.6	\$ 3,253.7
Notes:					
1 Grupo Mexico 2004 Form 10-K, at 44.					
2 Figures represent Minera Mexico's DCF values using market prices for base metals where liquid markets exist, analyst consensus estimates for all other base metal prices					

## 8.0 CONCLUSION OF VALUE

The summary below demonstrates the calculation to reach the indicated Enterprise Value of MM as of October 21, 2004 from the Discounted Cash Flow model and the Guideline Publicly Traded Company method. Using the median Enterprise Values from the two approaches and adjusting for cash and debt, I concluded the FMV of MM to be \$1.9 billion as of the Fairness Opinion Date and \$2.4 billion as of the Closing Date.

**Table 8a: Equity Value Conclusion – Fairness Opinion Date**

MINERA MEXICO		(In \$USD millions)
	Income Approach	Market Approach
Indicated Enterprise Value	\$2,784.7	\$2,831.7
Median Enterprise Value	2,808.2	
Plus: Cash <sup>1</sup>	45.8	
Less: Debt <sup>2</sup>	1,000.0	
Indicated Equity Value	\$1,854.0	
Notes:		
(1) Balance as of September 30, 2004.		
(2) Assumes \$1.0 billion is transferred to Minera Mexico per the term sheet. As of September 30, 2004, Minera Mexico's gross debt balance was \$1,032,905.		

**Table 8b: Equity Value Conclusion – Closing Date**

MINERA MEXICO		(In USD millions)
	Income Approach	Market Approach
Indicated Enterprise Value	\$3,364.6	\$3,253.7
Median Enterprise Value	3,309.2	
Plus: Cash <sup>1</sup>	87.1	
Less: Debt <sup>2</sup>	1,000.0	
Indicated Equity Value	\$2,396.3	
Notes:		
(1) Balance as of March 31, 2005.		
(2) Assumes \$1.0 billion is transferred to Minera Mexico per the term sheet. As of March 31, 2005, Minera Mexico's gross debt balance was \$921,250.		

## **9.0 VALUE IN TERMS OF COMMON SHARES OF SPCC EQUITY**

The consideration in the sale of MM by Grupo Mexico to SPCC was in shares of common equity of SPCC. Like MM, SPCC conducts metallurgical mining, smelting, and refining operations. A more detailed description of SPCC's operations can be found in Section 14.0.

Since the equity portion of the MM transaction price was paid using SPCC common stock, I utilized the publicly-available market price for SPCC, as traded on the New York Stock Exchange ("NYSE"), as indicative of the FMV of the equity as of the Fairness Opinion Date. I believe the publicly traded share price of SPCC is a fair and accurate representation of the market value of a share of its common stock. Therefore, I multiplied my concluded value for the FMV of the equity of MM of \$1.9 billion with the equity ownership percentage that was sold by Grupo Mexico, and divided that value by the publicly-available share price of SPCC adjusted for the transaction dividend. The calculation, as shown in the chart below, concludes the FMV of the equity of MM sold by Grupo Mexico would translate to 41.2 million shares of SPCC as of the Fairness Opinion Date. The executed transaction's value of 67.2 million shares of SPCC is approximately 26.0 million shares more than my calculated value for the equity of MM as of the Fairness Opinion Date.

**Table 9a: Shares to be Issued Conclusion – Fairness Opinion Date**

MINERA MEXICO		(In USD millions)
VALUE OF GRUPO MEXICO'S OWNERSHIP STAKE IN MINERA MEXICO		
Indicated Equity Value	\$	1,854.0
Grupo Mexico's Ownership Stake in Minera Mexico <sup>1</sup>		99.15%
Value of Grupo Mexico's Ownership Stake in Minera Mexico	\$	1,838.2
DIVIDED BY: SOUTHERN PERU'S IMPLIED EQUITY PRICE PER SHARE		
Southern Peru's Equity Price Per Share, as of October 21, 2004 <sup>2</sup>	\$	45.92
\$100 MM Transaction Dividend Per Share Value	\$	(1.25)
Transaction Dividend Adjusted Equity Price Per Share of Southern Peru	\$	44.67
INDICATED NUMBER OF SOUTHERN PERU SHARES TO BE ISSUED (IN MILLIONS)		41.2
Shares received as consideration for Minera Mexico in the transaction (in millions)		67.2
OVERPAYMENT FOR MINERA MEXICO IN SHARES (IN MILLIONS)		26.0
Notes:		
(1) SP COMM 03723 - SP COMM 003759, at SP COMM 003727; Minera Mexico, S.A. DE C.V. Form 6-K Filing for the period ended March 31, 2004.		
(2) Share price as of October 21, 2004.		

By following the same calculation methodology, as shown in the chart below, my concluded value for the FMV of the equity of MM of \$2.4 billion as of the Closing Date concludes the FMV of the equity of MM sold by Grupo Mexico would translate to 42.5 million shares of SPCC as of the Closing Date. The executed transaction's value of 67.2 million shares of SPCC is approximately 24.7 million shares more than my calculated value for the equity of MM as of the Closing Date.

**Table 9b: Shares to be Issued Conclusion – Closing Date**

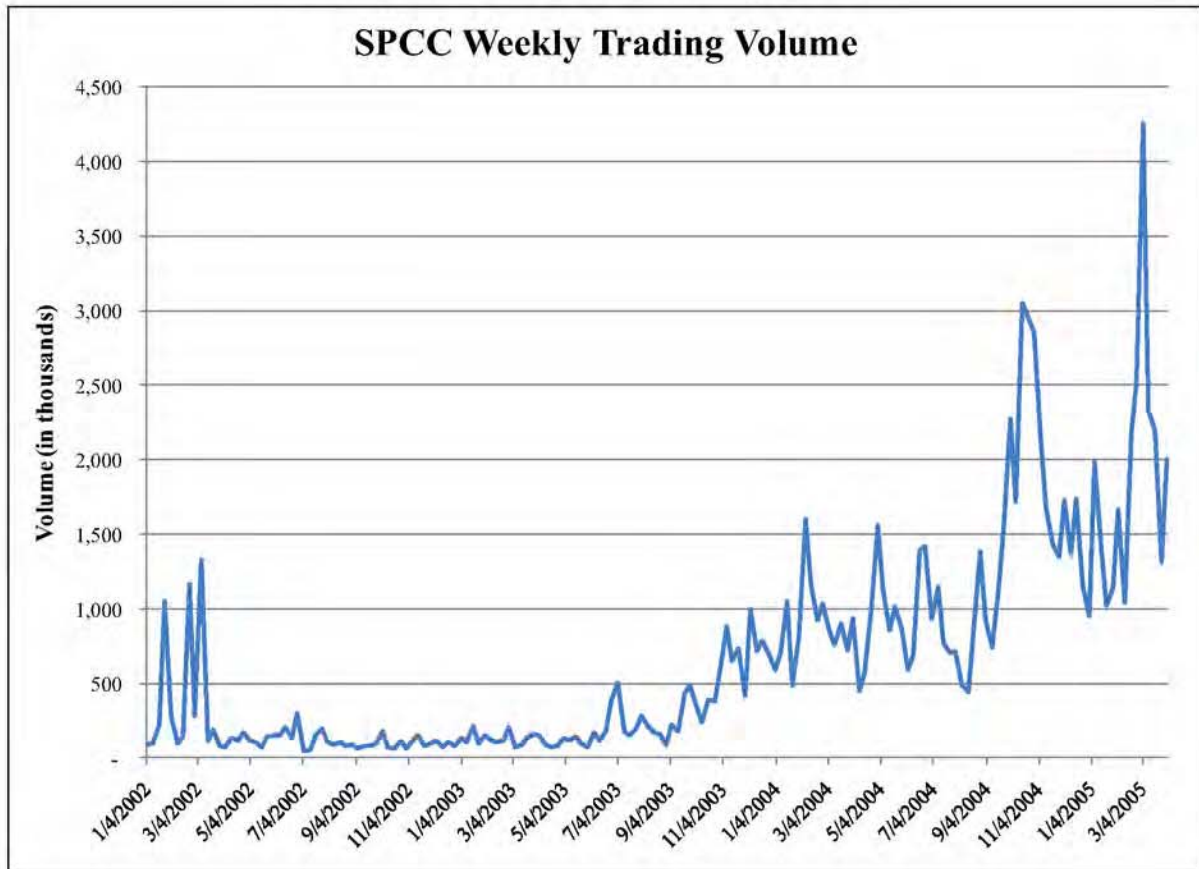
<b>MINERA MEXICO</b>		<b>(In SUSD millions)</b>
<b>VALUE OF GRUPO MEXICO'S OWNERSHIP STAKE IN MINERA MEXICO</b>		
Indicated Equity Value	\$	2,396.3
Grupo Mexico's Ownership Stake in Minera Mexico <sup>1</sup>		99.15%
<b>Value of Grupo Mexico's Ownership Stake in Minera Mexico</b>	<b>\$</b>	<b>2,375.9</b>
<b>DIVIDED BY: SOUTHERN PERU'S IMPLIED EQUITY PRICE PER SHARE</b>		
Southern Peru's Equity Price Per Share, as of April 1, 2005 <sup>2</sup>	\$	55.89
<b>INDICATED NUMBER OF SOUTHERN PERU SHARES TO BE ISSUED (IN MILLIONS)</b>		<b>42.5</b>
Shares received as consideration for Minera Mexico in the transaction (in millions)		67.2
<b>OVERPAYMENT FOR MINERA MEXICO IN SHARES (IN MILLIONS)</b>		<b>24.7</b>
<b>Notes:</b>		
(1) SP COMM 03723 - SP COMM 003759, at SP COMM 003727; Minera Mexico, S.A. DE C.V. Form 6-K Filing for the period ended March 31, 2004.		
(2) Share price as of April 1, 2005.		

I have reviewed indications of market efficiency for SPCC to substantiate my conclusion of utilizing the publicly-traded stock price as indicative of the market price. As with all companies traded on the NYSE, SPCC files regular quarterly, annual, and special event filings with the United States Securities and Exchange Commission, providing the investing community insight into the company's strategic initiatives and financial results. SPCC had a market capitalization of \$3.6 billion and \$4.2 billion and was covered by at least 9 and 8 securities analysts as of the Fairness Opinion Date and the Closing Date, respectively. As noted in the chart below, on average, more than one million shares of SPCC common stock traded weekly in the market between October 21, 2003 and March 31, 2005.<sup>89</sup> This average weekly trading volume represents 1.3 percent and 1.8 percent of SPCC's total outstanding shares for the year prior to the Fairness Opinion Date and the Closing Date, respectively; the average weekly trading volume for the month prior to the Fairness Opinion Date and the Closing date was 3.1 percent and 2.4 percent, respectively.<sup>90</sup>

<sup>89</sup> Bloomberg Financial Database

<sup>90</sup> Ibid.

**Table 10: SPCC Historical Trading Volume**





## **10.0 COMPARISON OF MY INCOME APPROACH CONCLUSIONS FOR MINERA MEXICO WITH THOSE FROM GOLDMAN'S FAIRNESS OPINION PRESENTATION**

A discounted cash flow analysis for MM was presented in discovery<sup>91</sup> that uses projections that correspond to the “Key Operating and Financial Metrics” shown in the Fairness Opinion Presentation.<sup>92</sup> Using the noted settings from the Fairness Opinion presentation,<sup>93</sup> this discounted cash flow analysis calculates a total EV of \$2.254 billion for MM. Goldman does not present their discounted cash flow EV estimates individually for MM or SPCC in the Fairness Opinion Presentation.<sup>94</sup>

Goldman's discounted cash flow EV calculation was approximately \$531 million less than my MM discounted cash flow EV conclusion as of the Fairness Opinion Date detailed in Exhibit 1. The assumption driving the difference between my estimate and that of Goldman is that I used a lower discount rate, 6.5 percent as of the Fairness Opinion Date, versus the 8.5 percent discount rate used by Goldman as of the same date. Using Goldman's 8.5 percent discount rate in my discounted cash flow analysis for MM yields an enterprise value of \$2.281 billion, which is approximately \$27.0 million or 1.2 percent higher than Goldman's value.

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<sup>91</sup> GS-SPCC 054346.xls

<sup>92</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003745.

<sup>93</sup> Model set using the A&S case assumptions, assuming \$0 tax benefits and an 8.5% discount rate, per SP COMM 003723 – SP COMM 003759, at SP COMM 003752.

<sup>94</sup> Though discovery was taken to identify the final discounted cash flow analysis models used by Goldman in its Fairness Opinion Presentation, they were not produced.

## **11.0 COMPARISON OF MY SHARE COMPENSATION CONCLUSIONS FOR MINERA MEXICO WITH THOSE FROM GOLDMAN'S FAIRNESS OPINION PRESENTATION**

Goldman's Fairness Opinion Presentation outlines that 67.2 million shares of SPCC are to be issued to Grupo Mexico in exchange for 99.15 percent equity ownership of MM. Goldman values this equity consideration using SPCC's publicly traded share price at \$3.119 billion, and states that MM's implied enterprise value is \$4.148 billion.<sup>95</sup> Using Goldman's discounted cash flow EV result calculated in Section 10.0 of \$2.254 billion, the Fairness Opinion Presentation's stated value received for MM is approximately \$1.894 billion higher than Goldman's discounted cash flow value calculation for MM.

Goldman's discounted cash flow analysis shown in its Fairness Opinion Presentation<sup>96</sup> consists of share compensation ranges that more closely encompass the actual number of shares exchanged in the transaction. This is due to the discounted cash flow value Goldman calculates for SPCC in their analysis. As detailed below, the Goldman discounted cash flow analysis calculates a value that is a fraction of the market capitalization of SPCC as traded on the NYSE as of the Fairness Opinion Date.

Similar to the case with MM, a SPCC discounted cash flow analysis was presented in discovery<sup>97</sup> that uses projections that correspond to the "Key Operating and Financial Metrics" shown in the Fairness Opinion Presentation.<sup>98</sup> When this analysis is set to the midpoint of the range of considered values,<sup>99</sup> it determines an EV for SPCC of \$1.601 billion. This model translates this EV calculation into an SPCC equity value per share of \$20.20.<sup>100</sup>

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<sup>95</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003727.

<sup>96</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003750-003752.

<sup>97</sup> GS-SPCC 085542.xls

<sup>98</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003747.

<sup>99</sup> SPCC Royalties set at 2%, discount rates set at 9.5% (1% higher than MM), \$0 tax benefits; SP COMM 003723 – SP COMM 003759, at SP COMM 003752.

<sup>100</sup> Per share value is not adjusted to reflect the special transaction dividend.

The discounted cash flow model for MM noted in section 10.0 contains a worksheet that calculates the equity value of MM relative to SPCC.<sup>101</sup> This analysis determines the number of shares of SPCC to be exchanged for MM, and presents the data in the matrix format found in the Fairness Opinion Presentation.<sup>102</sup> The key input needed to produce a matrix that replicates the one shown in the Fairness Opinion Presentation<sup>103</sup> is a discounted cash flow analysis equity value for SPCC.

The MM model's discounted cash flow analysis converts MM's \$2.254 billion EV to an MM equity value of \$1.254 billion.<sup>104</sup> In order to produce a share exchange value of 65.9 million, which is the exchange value of shares shown in the Fairness Opinion Presentation using the midpoint of the range of considered values,<sup>105</sup> the analysis implies an equity value of approximately \$1.510 billion for SPCC. A \$1.510 billion SPCC equity value translates to a value of \$18.88 per share of SPCC.<sup>106</sup>

Goldman's Fairness Opinion Presentation does not reconcile its discounted cash flow analysis equity value calculations for SPCC with SPCC's publicly traded share price, which is listed as \$46.41 per share in the Fairness Opinion Presentation.<sup>107</sup> The chart below summarizes the discrepancies between the discounted cash flow values calculated for SPCC and its publicly traded share price. Goldman does not explain why its discounted cash flow analysis calculation differs from the market's outlook for SPCC to this degree.

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<sup>101</sup> GS-SPCC 054346.xls

<sup>102</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003750-003752.

<sup>103</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003750-003752.

<sup>104</sup> Model assumptions noted in section 10.0, GS-SPCC 054346.xls

<sup>105</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003752.

<sup>106</sup> Per share value is not adjusted to reflect the special transaction dividend.

<sup>107</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003740.

**Table 11: Goldman's Discounted Cash Flow Calculation Summary**

<b>Goldman's Analysis</b>	<b>Goldman's SPCC Equity Per Share</b>	<b>SPCC's Publicly Traded Share Price<sup>108</sup></b>	<b>Goldman's Value as a Percentage of SPCC's Publicly Traded Share Price</b>
SPCC Discounted Cash Flow Model <sup>109</sup>	\$20.20	\$46.41	43.5%
Fairness Opinion Presentation's Implied SPCC Discounted Cash Flow Value <sup>110</sup>	\$18.88	\$46.41	40.7%

<sup>108</sup> SP COMM 003723 – SP COMM 003759, at SP COMM 003727

<sup>109</sup> SPCC Royalties set at 2%, discount rates set at 9.5% (1% higher than MM), \$0 tax benefits; GS-SPCC 085542.xls

<sup>110</sup> SPCC Royalties set at 2%, discount rates set at 9.5% (1% higher than MM), \$0 tax benefits; SP COMM 003723 – SP COMM 003759, at SP COMM 003752; GS-SPCC 054346.xls

## 12.0 APPENDIX: RESUME OF DANIEL BEAULNE



### PROFESSIONAL CREDENTIALS

*Daniel Beaulne is a Managing Director in the Dallas office of Duff & Phelps, LLC. He is part of the Dispute and Legal Management Consulting practice and has prepared business valuations and quantification of financial damages for over 18 years.*

#### **Daniel B. Beaulne**

Managing Director  
Duff & Phelps, LLC  
1700 Pacific Ave  
Suite 1600  
Dallas, TX 75201  
(469) 547 - 3939

- **Litigation Support.** Provides expert reports and testimony in commercial litigation cases. Has provided support on retrospective solvency, shareholder disputes, patent, estate and income tax, business interruptions claims, lost earnings, fidelity and fraud investigations, anti-trust, damage calculations, breach of contract and product liability disputes.
- **Portfolio Valuations.** Has led numerous valuation advisory engagements focused on valuation of complex securities for corporate clients, auditors and hedge funds.
- **Financial Reporting.** Prepared valuations for reporting of purchase price allocations, goodwill impairment, restricted stock grants, and warrants.
- **Merger & Acquisition Due Diligence.** Leads transaction support engagements to assess the achievability of projected results in light of primary & secondary research, historical performance, comparables, competitive positioning, and market trends. Quantifies the value of synergies, deal terms, and the impact of key uncertainties on future cash flows.
- **Fairness and Solvency Opinions.** Prepared numerous fairness and solvency opinions for mergers and acquisitions, recapitalizations, and related party transactions.
- **Valuation of Contingent Assets & Liabilities.** Values contingent assets & liabilities for financial reporting, tax and M&A purposes.
- **Warrant and Option Valuations.** Conducted numerous valuations of stock options, restricted stock and warrants for financial reporting and income tax purposes.
- **Financial Audits.** Managed and prepared audits of financial statements and working capital for companies in the energy, manufacturing and hospitality industries.
- **Fraud Investigations.** Conducted investigations for employee fraud, wire fraud, mail fraud, and money laundering.
- **Estate and Income Tax Valuations.** Prepared numerous valuations for estate and income tax purposes including consideration of discounts for lack of marketability and discounts for lack of control for privately held companies.

**DANIEL  
BEAULNE**  
(continued)

- **Post-Transaction Analysis.** Performed post-M&A contractual and GAAP accounting, quality of earnings, valuation-based purchase price adjustments, due diligence, and claims of breaches of representations and warranties.
- **Trade Name Valuations.** Prepared analysis of appropriate royalty rates for trade names for financial reporting and income tax purposes.
- **Customer Valuations.** Prepared analysis of contribution margins and attrition rates for customer segments for financial reporting and income tax purposes.

**RECENT EXPERT TESTIMONY EXPERIENCE**

- Andrew T. Berger, Plaintiff v. Icahn Enterprises L.P., Robert G. Alexander, Jon F. Weber, Robert J. Mitchell, Jack G. Wasserman, Robert H. Kite, Defendants and National Energy Group, Inc., a Delaware Corporation, Nominal Defendant. Delaware Chancery Court, C.A. No. 3522-VCS.
  - Deposition testimony given regarding the valuation of oil and gas exploration, production and development companies.
- In re: G-I Holdings Inc., et al., Debtors. United States Bankruptcy Court, District of New Jersey, Case Nos. 01-30135 (RG) and 01-38790 (Jointly Administered).
  - Deposition and trial testimony given regarding the valuation of Building Materials Corporation of America and its parent company, G-I Holdings Inc.
- Confidential International Arbitration
  - Arbitration testimony given regarding the valuation of a Greenfield mine-mouth lignite coal power plant for an Asian government.
- Fradette Brothers Enterprises, Inc. and Mike Fradette, Plaintiffs, vs. Robert D. Hawley, Jr.; James Lindsey; First State Bank of Mesquite, and Robin Hawley, Defendants. First State Bank of Mesquite, Plaintiff vs. John Fradette, Mike Fradette, Fradette Brothers Enterprises, Inc., Bellinger & DeWolf, LLP, and H. Lynn Musgrove, Jr., Defendants. District Court of Dallas County, Texas, 193<sup>rd</sup> Judicial District, Cause No. 04-10234-L (Consolidated Case No. 05-04539).
  - Deposition and trial testimony given concerning a review of a business valuation of H2O Fire Sprinkler Corp.
- In re Freeport-McMoRan Sulphur, Inc. Shareholder Litigation, Court of Chancery of the State of Delaware, New Castle County, Consolidated C.A. No. 16729.
  - Deposition testimony given regarding the valuation of McMoRan Oil & Gas Company.

**RECENT EXPERT REPORTS ISSUED**

- Issued an expert report in the Circuit Court of the State of Oregon relating to the valuation of a geothermal power plant development company.
- Issued an expert report in the District Court of Milam County, Texas relating to damages associated with a power plant and an aluminum smelter.
- Issued an expert valuation report in Delaware Chancery Court for purposes of granting an injunction to prevent a pending transaction.

**DANIEL  
BEAULNE**  
(continued)

- Issued an expert report in New York Bankruptcy Court relating to the valuation of hydroelectric power plant facilities.

**RECENT LITIGATION CONSULTING EXPERIENCE**

- Consulting expert for Southern Company; valuation of Mirant regarding a retrospective solvency in a fraudulent conveyance matter.
- Consulting expert; valuation of a diversified fossil fuel and hydroelectric power generation company including a complex sale/leaseback transaction owned by USGen New England.

**EXAMPLES OF INDUSTRY EXPERIENCE**

- **Energy – Oil & Gas.** Numerous valuations of companies within the exploration, production, development, transportation, storage, and refinery businesses.
- **Energy – Power.** Numerous valuations of hydroelectric, natural gas, nuclear, geothermal, wind, waste wood, landfill gas, coal and diesel power plants. Numerous valuations of regulated and unregulated utilities.
- **Energy – Trading Operations & Commodity Contracts.** Valuation of trading operations for mergers & acquisitions, litigation, financial reporting, and strategic advisory. Valuation of commodity contracts for hedge funds and private equity groups to comply with FAS 157, financial reporting purposes, mergers & acquisitions, and audit compliance consulting.
- **Mining.** Valuation of gold, nickel, copper, cobalt, silver, coal, iron-ore, lignite, and potash mines, construction aggregates and limestone quarries.
- **Manufacturing.** Valuations of consumer goods, automotive parts, aviation, specialty chemicals, food and beverage, metal-working and textiles companies.
- **Building Products Manufacturers.** Valuation of lumber mills, brick, flooring tiles, industrial pipe, drywall, windows, doors, plumbing fixtures, and specialty cabinetry companies.
- **Construction/contracting.** Valuation of general contractors, residential homebuilders, HVAC, plumbing, drywall, fire control systems, architectural firms, and engineering firms.

**PRESENTATIONS**

- Presented CLE courses to law firms on topics such as business valuation, expert witness preparation, fairness opinions and the cost of capital.
- Speaker at various conferences on subjects related to business valuation and dispute consulting.

**PROFESSIONAL AND BUSINESS EXPERIENCE**

- Managing Director/Director, Duff & Phelps (2005 – present)
- Director, Standard & Poor's (2002 – 2005)
- Senior Manager, Ernst & Young (1999 – 2002)

**DANIEL  
BEAULNE**  
*(continued)*

**EDUCATION AND CREDENTIALS**

- Bachelor of Commerce from the University of Toronto
- Chartered Financial Analyst (CFA)
- Chartered Accountant (CA)
- Chartered Business Valuator (CBV)

**PROFESSIONAL AND BUSINESS AFFILIATIONS**

- CFA Institute
- Canadian Institute of Chartered Accountants
- Canadian Institute of Chartered Business Valuators
- American Bankruptcy Institute



### **13.0 APPENDIX: MINERA MEXICO COMPANY INFORMATION<sup>111 112</sup>**

#### **General Description**

MM is a holding company whose subsidiaries mine, smelt and refine metallic elements. The Company is Mexico's largest copper producer and mining company, with headquarters in Mexico City and all operations conducted domestically.<sup>113</sup> Copper, zinc, and silver sales comprise the majority of MM's revenue, with mainly molybdenum, gold and lead sales comprising the remainder.

#### **Customers**

MM largely sells to the North American market, with 49.6 percent and 39.5 percent of 2003 consolidated net sales were to Mexico and the United States, respectively. Europe, Asia and Latin America comprised the remaining 10.9 percent. As the majority of sales are in Mexico and the United States, the industrial and consumer users' demand in these countries greatly affect the Company's earnings. Changes within the demand segment, like advances in technology or the creation of substitute products, can increase the buyer's purchasing power and decrease MM's leverage in pricing.

Copper represents the majority of total MM sales, accounting for 66.0 percent in 2003. The copper produced at MM is sold to both copper refiners and industrial users. Two Mexican refineries and four United States copper rod manufacturers comprised 65.0 percent of copper sales.

Zinc, silver, molybdenum, gold and lead comprise the Company's remaining sales. Zinc represented 12.9 percent of 2003 consolidated net sales and is generally used for industrial purposes. Historically, the majority of zinc sold by the Company is within Mexico. Silver is sold on a spot and contract basis and accounted for 9.4 percent of 2003 consolidated net sales. In

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<sup>111</sup> Minera Mexico, S.A. de C.V. December 31, 2003 Form 20-F

<sup>112</sup> Minera Mexico, S.A. de C.V. March 31, 2004 Form 6-K

<sup>113</sup> In regards to 2003 consolidated net sales of \$781.6 million

2003, 46.0 percent and 37.5 percent of silver sales were in Mexico and the United States, respectively. Molybdenum is a by-product of copper mining and is used in the steelmaking process. Sales of this element represented 4.9 percent of 2003 consolidated net sales. Gold and lead accounted for 1.5 percent and 1.4 percent of 2003 consolidated net sales, respectively.

## Business Segments

The Company conducts its primary operations through three Mexican subsidiaries: Caridad, Cananea and IMMSA.<sup>114</sup>

### Mexico



### Caridad

MM owns 96.4 percent of the Caridad unit that operates in the La Caridad property and primarily produces copper products, along with gold, silver, molybdenum and sulfuric acid.<sup>115</sup> In 2003, Caridad accounted for the majority of net sales at 65.1 percent. The unit operates an open-pit

<sup>114</sup> Southern Copper Corporation December 31, 2006 Form 10-K

<sup>115</sup> Minera Mexico, S.A. de C.V. March 31, 2004 Form 6-K

copper mine, concentrator, smelter, refinery, rod plant, SX/EW plant, precious metals plant, lime plant and two sulfuric acid plants. It began operations in 1979 with the concentrator and continued expansions from 1982 until 1999. The life-of-mine study by Winters, Dorsey & Co. and Mintec, Inc. shows the potential for Caridad to continue operations until 2032. The mine contains 675.1 million and 599.8 million metric tons of proven and probable reserves of mill ore and leach ore, respectively. However, the grade indicates the percentage of actual mineral content in the ore, therefore implying an amount of ore required to produce a certain tonnage of metal. The average grade copper was 0.42 percent and .24 percent for mill and leach ore, respectively, and 0.02 percent for molybdenum.

### **Cananea**

The Company owns 98.5 percent of Cananea including an open-pit copper mine, a concentrator, and two SX/EW plants that aid in the creation of copper concentrates and cathodes. Cananea accounted for 16.7 percent of 2003 consolidated net sales. It is the oldest operating copper mine in North America and is estimated to produce at current rates until 2063. The mine is one of the largest porphyry copper deposits in the world, containing 2.3 billion metric tons with a grade of 0.58 percent and nearly 3.0 billion metric tons with a grade of 0.25 percent of mill and leach ore, respectively.

In mid-October 2004, workers at Cananea and Caridad went on strike due to an unfulfilled promise to pay five percent of Cananea and Caridad's equity. This strike was not the first occurrence of labor instability at MM. In July of 2004, workers at Caridad went on strike for 17 days. Poor labor relations were clearly exhibited in 2002, when the Company encountered a total of six strikes: four at IMMSA, one at Caridad and one at Cananea. In 1999, there was an 82 day strike at Cananea that resulted in the closure of the Cananea smelter and approximately 1,000 laid-off workers.

## IMMSA

The IMMSA unit is comprised of two operating companies, Industrial Minera Mexico, S.A. de C.V. and Minerales Metálicos del Norte, S.A. (defined separately as “Mimcnosa”), that manage a variety of facilities. The unit accounted for 18.2 percent of MM’s consolidated net sales in 2003. Collectively, IMMSA contains 44.6 million metric tons of proven and probable reserves. 4.06 percent, .57 percent, and 1.13 percent are the grades for zinc, copper and lead, respectively. Additionally, 106 and 0.17 grams per metric ton of silver and gold, respectively, are extracted from the ore reserves.

Nueva Rosita is an underground coal mine, with a 21-coke oven facility and a coal washing plant. The complex began operating in 1924.

IMMSA has two processing facilities: the San Luis Potosí Zinc Refinery (“SLPZ”) and the San Luis Potosí Copper Smelter (“SLPC”). In 2003, the SLPZ produced 101,069 metric tons of zinc and sulfuric acid, cadmium, copper residues and lead-silver residues as by-products. The SLPC operates a blast furnace that smelted 23,548 metric tons of copper blister and 2,500 metric tons of arsenic trioxide in 2003.

IMMSA contains four operating underground mining complexes: Charcas, San Martin, Santa Bárbara, and Taxco. Charcas is the largest zinc producer in Mexico with production at 1.2 million metric tons of ore in 2003. Overall production has reduced by 16.1 percent since 2001. San Martin is Mexico’s largest underground mine with operations commencing in 1949. San Martin produces lead, copper, zinc and silver with approximately 1.3 million metric tons of ore produced in 2003. Production has slowed 30.9 percent from 2001 levels. Santa Bárbara consists of three underground mines and produces lead, copper, zinc, and silver. In 2003, approximately 1.5 metric tons of ore were mined. Production levels have continuously fallen over the years, approximately 21.5 percent from 2001 to 2003. Taxco primarily produces lead and zinc concentrates, with traces of gold and silver, with operations commencing in 1918. Overall production slowed 41.4 percent from 2001 to 2003, with 328,243 metric tons of ore mined in 2003.

All four of the mining units sell their lead concentrate to third parties in Mexico and primarily process other concentrates at SLPZ or SLPC.

IMMSA also reports reserves for three underground mining complexes whose operations have been suspended since 2001: Santa Eulalia, Rosario and Velardena. The three complexes account for approximately 6.0 percent of MM's proven and probable reserves. In regards to total recoverable metal from the ore reserves, they account for 10.2 percent of zinc, 0.9 percent of copper, 9.1 percent of lead and 5.1 percent of silver.

#### **14.0 APPENDIX: SOUTHERN PERU COPPER CORPORATION INFORMATION<sup>116</sup>**

<sup>117</sup>

Southern Peru Copper Corporation conducts metallurgical mining, smelting, and refining operations. Its facilities are located in Peru and are comprised of the Toquepala Mine (“Toquepala”), Cuajone Mine (“Cuajone”), the Toquepala SX/EW facility, and Ilo smelter and refinery. In the second quarter of 2004, SPCC agreed to build a sulfuric acid plant in Ilo with a capacity of 3,760 tons daily.

As of December 31, 2003, the productive capacity of the Ilo Smelter was 290,300 tons, the Ilo Refinery was 245,000 tons, and the SX/EW facility was 56,250 tons. Probable concentrator reserves totaled 619.6 million tons (copper grade of 0.74 percent) and 1,123.3 million tons (copper grade of 0.64 percent) at Toquepala and Cuajone, respectively. Additionally, leachable ore reserves that can be processed at the SX/EW facility totaled 1,732.2 million tons (copper grade .18 percent) and 58.6 million tons (copper grade of .41 percent) at Toquepala and Cuajone, respectively.

SPCC also has multiple interests in exploratory projects. In 2003, projects at Arampal, Pucay, Tía María, Los Chancas, and Tantahuatay conducted drilling at various depths and evaluation studies in hopes of discovering additional copper, molybdenum and gold reserves.

SPCC conducts all aspects of the copper refining process, including the mining, milling and flotation of copper ore to produce copper concentrates, the smelting of the copper concentrates to produce blister copper, and the refining of blister copper to produce copper cathodes. Refined copper is also produced utilizing the SX/EW technology.

Primarily, SPCC produces copper, followed by molybdenum and silver. In the first nine months of 2004, SPCC sold 614.0 million pounds of copper, 16.1 million pounds of molybdenum, and 3.3 million ounces of silver. SPCC reported earnings of \$339.7 million for the first nine months of 2004, largely driven by substantial price increases in copper and molybdenum. Additionally,

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<sup>116</sup> September 30, 2004 Form 10-Q Southern Peru Copper Corporation

<sup>117</sup> December 31, 2003 Form 10-K Southern Peru Copper Corporation

third quarter overall net production increased by 8.8 million pounds; Toquepala and Cuajone increased production by 7.2 and 4.5 million pounds, respectively, while SPCC's SX/EW production decreased by 2.9 million pounds. SPCC's molybdenum production increased by 15.5 percent from the first nine months of 2004 compared to 2003, contributing to higher earnings as well.

## 15.0 APPENDIX: ECONOMIC OUTLOOK<sup>118</sup>

In performing my analysis, I considered the general economic outlook as of the Fairness Opinion Date and the Closing Date and its potential impact on the Company. An assessment of the general economy can often identify underlying causes for fluctuations in the financial and operating performance of a company. This overview of the general economic outlook is based on my examination of various economic analyses and the consensus forecasts of *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*.

### Global Economic Environment

The global economy continued to experience strong growth in 2004 and was expected to reach its highest rate in nearly three decades with global Gross Domestic Product (“GDP”) growth of 5.0 percent. Growth had been driven by strong recoveries in the United States, Asia, and Latin America, with the euro area lagging behind. Momentum had slowed since the first quarter of 2004, however, and 2005 GDP growth was forecast to move back toward historical trend levels at 4.3 percent. Extremely low capacity, strong demand, and geopolitical uncertainties had driven oil prices up and left the markets highly vulnerable to shocks, a key short-term risk. Oil prices were expected to be around \$50.00 per barrel at the end of 2004 and then decrease gradually in late 2005 to about \$35.00 per barrel, although any disruption in major oil supply areas could trigger panic that would drive prices to historically high levels. In addition, inflation was on the upswing after reaching unusually low levels in 2003; managing the transition to higher interest rates was an important challenge as the resulting impact on housing markets had the potential to be significant. In the long term, higher global productivity growth was a potential opportunity, spurred by the information technology revolution and the emergence of China as an important

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*Blue Chip Economic Indicators*, October 10, 2004, December 10, 2004, and March 10, 2005; Department of Commerce, Bureau of Economic Analysis, [www.bea.doc.gov](http://www.bea.doc.gov); Federal Reserve Board, *Federal Open Market Committee Statement*, September 21, 2004; Federal Reserve Press Release, March 22, 2005; *Standard & Poor's Trends and Projections*, October 21, 2004 and March 17, 2005; *LINK Global Economic Outlook*, United Nations Department of Economic and Social Affairs, November 2004; World Economic Outlook September 2004 and April 2005; S&P Market Insight Mexico Economic Outlook August 2004 and March 2005; S&P Market Insight Mexico Risk Report September 2004 and April 2005.



source of production. Long-term risks included economic vulnerabilities, such as aging populations in industrialized countries and high public debt in emerging countries. Additionally, global imbalances, illustrated primarily by the growing United States current account deficit and rising surpluses in Japan and the euro area were potential areas of concern.

In April 2005, growth had been stronger than expected in the United States, China and in most emerging market and developing countries. In contrast, growth in Europe and Japan remained disappointing, reflecting faltering exports and weak domestic demand. The United States dollar had depreciated further, matched by appreciations of industrial and emerging market currencies, including several in emerging Asia. Despite moderating global growth, oil prices had remained high and volatile. After rising sharply through mid-October, oil prices subsequently fell back, but had recently rebounded to new nominal highs, driven by continued strong demand, uncertainties about Organization of the Petroleum Exporting Countries ("OPEC") production plans, and falling non-OPEC supply, all exacerbated by a very low level of excess capacity. With monetary tightening cycles under way in most cyclically advanced countries, and inflationary expectations generally well grounded, inflation was expected to remain moderate in the near future.

The overall economy continued to be supported by favorable financial market conditions, with policy rates in most countries still close to zero in real terms, although there had been some tightening in conditions recently as United States long-term interest rates had risen and corporate and emerging market spreads have widened. Nevertheless, equity markets across the globe remained robust, long-run interest rates still were well below equilibrium levels, spreads were close to historical lows, and private capital inflows to emerging markets had been strong. Looking forward, global GDP growth was projected to moderate to 4.3 percent in 2005, 0.8 percentage points lower than in 2004, and to remain at about that level during 2006.

### **Latin American Economic Environment**

The Latin American economy rebounded in 2004, with a growth rate of 4.6 percent. To some extent the improvement was cyclical in nature, as several countries in the region emerged from

recessions in 2003. However, the major exporters benefited from high oil and commodity prices, while strong domestic demand accounted for the majority of the region's growth. Cautious monetary policy and appreciated national currencies as a result of a weak United States dollar were expected to keep inflation down despite higher fuel prices. Growth was expected to continue in 2005, but at a rate of less than 4.0 percent.

In April 2005, activity in Latin America continued to exceed expectations, aided by high commodity prices, improving external confidence, progress with structural reforms, and in some cases a continued rebound from earlier crisis-induced slowdowns. Fiscal management had been less pro-cyclical than in past upswings, and most countries in the region had taken advantage of favorable financial market conditions to improve debt structure and pre-finance 2005 obligations, although high levels of public debt and financial dollarization remained key sources of vulnerability. The favorable external environment continued to support economic activity, but it was now domestic demand that was leading growth, with private consumption and business investment growing briskly. Inflation, although generally well contained, had picked up in a number of countries. Region-wide growth in 2004, at 5.7 percent, was the highest since 1980 and continued growth of 4.1 percent was projected during 2005. This outlook was not without risks, including the potential for continuing oil price volatility, sharply rising interest rates in industrial countries, or widening spreads on emerging market debt. A further limited and orderly depreciation of the United States dollar was unlikely to have significant repercussions for Latin American economies as many regional currencies tracked movements in the dollar quite closely, although a disorderly depreciation could have a more serious impact if it resulted in turbulence in global financial markets and deterioration in financing conditions for emerging markets.

### **Mexican Economic Environment**

Mexico's economy was closely tied to the economic performance of the United States; therefore the recovery of the United States economy in 2004 positively impacted Mexico's overall economic health, with expectations of a 4.0 percent increase in GDP by year-end. The demand from the United States, namely the manufacturing industry, had increased the amount of exports and contributed to overall growth. The close trade relationship between the two countries was

commonly attributed to the North American Free Trade Agreement (“NAFTA”), created in 1994 amongst Canada, the United States and Mexico. Mexico’s industrial and manufacturing sectors grew 3.8 percent and 4.0 percent, respectively, while mining activity grew only 2.4 percent over the first quarter. World oil prices, increasing foreign investment and favorable monetary conditions have also contributed to Mexico’s growing GDP.

Despite its economic growth, Mexico was in need of national policy reform; a process that had been delayed many years. During the first quarter of 2004, Mexico tightened its monetary policy three times, attempting and yet failing to reach Banco de Mexico’s target inflation rate of 2.0 to 4.0 percent. Towards the end of 2004, Mexican interest rates rose, attributed to the growing interest rates of the United States and the aforementioned tightened monetary policy. Mexico’s public debt was also in need of policy reformation, as it amounted to about 50.0 percent of GDP. Additionally, fiscal policy, regulation of lending institutions, taxes, pensions and the labor market were all topics being considered for reform.

In the first quarter of 2005, Mexican economic growth continued to be extremely dependent on the performance of the United States economy. While the United States economy continued to grow and the price of petroleum remained high, there was little pressure on the Mexican political system to push forward with reforms. After the first three months of 2005, Standard & Poors inched up its estimate for the Mexican economy, from 4.0 percent to 4.1 percent, to take into account the increase in the price of petroleum and the decent performance of the United States economy during the second half of 2004. During 2004, Mexican inflation accelerated to end the year at 5.19 percent, with an average rate of 4.69 percent; however, the central bank recorded a year-end core inflation rate of 3.80 percent.

## **16.0 APPENDIX: SELECTED GUIDELINE COMPANY DESCRIPTIONS<sup>119</sup>**

### **Antofagasta<sup>120</sup>**

Antofagasta plc, is one of the world's leading copper miners. Through its subsidiaries, it engages in the exploration, development, production, and sale of copper and molybdenum concentrates. Its mining division owns and operates copper mines in Los Pelambres, El Tesoro, and Michilla and combined those mines produced over 498,000 copper tonnes in 2004. The company also operates a railway network that transports consumables and mining-related products, as well as copper cathodes and mining equipment in northern Chile and Bolivia and a water division that supplies water to miners, industrial users, and domestic customers. Antofagasta was incorporated in 1888 and is based in London, the United Kingdom.

### **Grupo Mexico, S. A. B. de C. V.<sup>121</sup>**

Grupo Mexico, S. A. B. de C. V., through its subsidiaries, engages in the exploration, mining, and processing of metallic and nonmetallic minerals. The company primarily explores for and produces copper, molybdenum, zinc, silver, gold, lead, and sulfuric acid in Mexico, Peru, and the United States. It also engages in the mining of coal; and copper extraction, smelting, and refining operations. In addition, the company provides multi-use and freight railway services, as well as land transportation, storage, and other railroad transportation services. Grupo Mexico, S. A. B. de C. V. was founded in 1978 and is based Mexico City, Mexico.

### **Phelps Dodge Corporation<sup>122</sup>**

Phelps Dodge Corporation ("Phelps Dodge") is the world's second largest producer of copper and world's largest producer of continuous-cast copper rod. It is also among the world's largest producers of carbon black, magnet wire, and molybdenum and molybdenum products. The company consists of two major divisions: Phelps Dodge Mining Company ("PDMC") and Phelps Dodge Industries ("PDI"). PDMC includes its worldwide, vertically integrated copper operations from mining through rod production, marketing and sales; molybdenum operations from mining through conversion to chemical and metallurgical products, marketing and sales;

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<sup>119</sup> Capital IQ

<sup>120</sup> Capital IQ and Antofagasta PLC 2004 Annual Report

<sup>121</sup> Capital IQ and Grupo Mexico, S.A.B. de C.V. 2004 Annual Report

<sup>122</sup> Phelps Dodge Corporation 2004 10-K

other mining operations and investments; and worldwide mineral exploration, technology and project development programs. PDI is its manufacturing division that produces engineered products principally for the global energy, transportation and specialty chemicals sectors. The company's world headquarters is located in Phoenix, Arizona.

### **Southern Peru Copper Corporation<sup>123</sup>**

Southern Peru Copper Corporation is one of the largest mining companies in Peru and one of the ten largest private sector copper mining companies in the world. The company produces and sells copper, molybdenum, zinc, silver, lead, and gold worldwide. It engages in the mining, milling, and flotation of copper ore to produce copper concentrates and molybdenum concentrates; smelting of copper concentrates to produce anode and blister copper; refining of blister/anode copper to produce copper cathodes; and production of refined copper using SX/EW technology. It operates Toquepala and Cuajone mines in the Andes Mountains, which are located southeast of the city of Lima, Peru; and a smelter and refinery west of the Toquepala and Cuajone mines in the coastal city of Ilo, Peru. The company was founded in 1952 and is based in Phoenix, Arizona. Southern Peru Copper Corporation is a subsidiary of Americas Mining Corporation.

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<sup>123</sup> Capital IQ and Southern Peru Copper Corporation 2004 10-K

## 17.0 APPENDIX: DOCUMENTS CONSIDERED

Bates #	Document Description	Source	Date
AS0000001 - AS0001015		Anderson & Schwab, Inc.	
AS0001016 - AS0002016		Anderson & Schwab, Inc.	
AS0001018- AS0001029	A&S Executed Letter Sent to Goldman Sachs	Anderson & Schwab, Inc.	10/21/04
AS0001050- AS0001064	Anderson & Schwab Proposal to Consult to Special Committee of Disinterested Directors of SPCC	Anderson & Schwab, Inc.	04/30/04
AS0001208 - AS0001467	SPCC Technical Information 2004 - Toquepala, Cuacone, Ilo	Southern Peru Copper Corporation	04/01/04
AS0001438 - AS0001455	PPT Presentation on Expansion Projects	Southern Peru Copper Corporation	
AS0001961 - AS0002005	Presentation to Goldman Sachs, Advisor to the Special Committee of Disinterested Directors of SPCC	Southern Peru Copper Corporation	05/21/04
AS0002017 - AS0003039		Anderson & Schwab, Inc.	
AS0002466 - AS0002514	Project Inca, Presentation to Goldman Sachs, Advisor to the Special Committee of Disinterested Directors of SPCC	UBS Securities LLC	04/16/04
AS0002515 - AS0002571	Preliminary Materials for the Special Committee of SPCC	Goldman Sachs & Co.	06/11/04
AS0002572 - AS0002646	Presentation Materials for the Special Committee of SPCC	Goldman Sachs & Co.	07/08/04
AS0003040 - AS0003388		Anderson & Schwab, Inc.	
AS0003389 - AS0004406		Anderson & Schwab, Inc.	
AS0004307 - AS0004322	A&S Proposal to Review Assets of Grupo Mexico and SPCC	Anderson & Schwab, Inc.	04/07/04
AS0004407 - AS0005520		Anderson & Schwab, Inc.	
AS0005521 - AS0006549		Anderson & Schwab, Inc.	
AS0006550 - AS0007690		Anderson & Schwab, Inc.	
AS0006944 - AS0007328	Minera México, S.A. de C.V. Financial Projections	Grupo México, S.A. de C.V.	03/31/04
AS0007328A-001 - AS0011756B-001		Anderson & Schwab, Inc.	

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AS0007691 - AS0008721		Anderson & Schwab, Inc.	
AS0008722 - AS0009840		Anderson & Schwab, Inc.	
AS0009841 - AS0010877		Anderson & Schwab, Inc.	
AS0010878 - AS0012179		Anderson & Schwab, Inc.	
AS0012180 - AS0012976		Anderson & Schwab, Inc.	
GS-SPCC 000001		Goldman Sachs & Co.	
GS-SPCC 000083		Goldman Sachs & Co.	
GS-SPCC 000090		Goldman Sachs & Co.	
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GS-SPCC 000139		Goldman Sachs & Co.	
GS-SPCC 000183		Goldman Sachs & Co.	
GS-SPCC 000252		Goldman Sachs & Co.	
GS-SPCC 000296 - GS-SPCC 000379	2002 Annual Report	Goldman Sachs & Co.	
GS-SPCC 000380		Goldman Sachs & Co.	
GS-SPCC 000403 - GS-SPCC 000422		Goldman Sachs & Co.	
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GS-SPCC 000478		Goldman Sachs & Co.	
GS-SPCC 000506		Goldman Sachs & Co.	
GS-SPCC 000509		Goldman Sachs & Co.	
GS-SPCC 000529		Goldman Sachs & Co.	
GS-SPCC 000609 - GS-SPCC 000631	2002 Annual Report	Goldman Sachs & Co.	
GS-SPCC 000652		Goldman Sachs & Co.	

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GS-SPCC 000662 - GS-SPCC 001186	Grupo Mexico - 20F Dec. 2002	Goldman Sachs & Co.	
GS-SPCC 001187		Goldman Sachs & Co.	
GS-SPCC 001784 - GS-SPCC 001854	Discussion Materials for the Special Committee of Disinterested Directors	Goldman Sachs & Co.	10/21/04
GS-SPCC 001855 – GS-SPCC 002097	Mintec, Inc. Alternative 3 - Life of Mine Schedule	Goldman Sachs & Co.	
GS-SPCC 001855 – GS-SPCC 002097		Goldman Sachs & Co.	
GS-SPCC 002354 - GS-SPCC 002470	Discussion Materials for the Special Committee of Disinterested Directors	Goldman Sachs & Co.	10/21/04
GS-SPCC 002660 - GS-SPCC 002690	Discussion Materials for the Special Committee of Disinterested Directors	Goldman Sachs & Co.	10/21/04
GS-SPCC 002932		Goldman Sachs & Co.	
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GS-SPCC 009887 - GS-SPCC 010027	2001 Annual Report	Goldman Sachs & Co.	
GS-SPCC 010238 - GS-SPCC 010441	2002 Annual Report (Spanish)	Goldman Sachs & Co.	
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GS-SPCC 011737 - GS-SPCC 011767	Discussion Materials for the Special Committee of Disinterested Directors	Goldman Sachs & Co.	10/21/04
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GS-SPCC 012671 - GS-SPCC 012874	2002 Annual Report (Spanish)	Goldman Sachs & Co.	
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GS-SPCC 054346	Excel Model - Minera México, S.A. de C.V. Financial Projections	Goldman Sachs & Co.	
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GS-SPCC 085142	Excel File	Goldman Sachs & Co.	
GS-SPCC 085542	Excel File	Goldman Sachs & Co.	
GS-SPCC 085542	SPCC Free Cash Flow Analysis	Goldman Sachs & Co.	
GS-SPCC 085942	Excel File	Goldman Sachs & Co.	
GS-SPCC 086342	Excel File	Goldman Sachs & Co.	
GS-SPCC 089546	Excel File	Goldman Sachs & Co.	
GS-SPCC 089834	Excel File	Goldman Sachs & Co.	
SP COMM 003723 – SP COMM 003759	Discussion Materials for the Special Committee of Disinterested Directors	Goldman Sachs & Co.	10/21/04



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SP COMM 004654 - SP COMM 004710	Preliminary Materials for the Special Committee of SPCC	Goldman Sachs & Co.	06/11/04
SP COMM 006858 - SP COMM 006923	Presentation Materials for the Special Committee of SPCC	Goldman Sachs & Co.	07/08/04
SP COMM 12397- 439	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 12611-22	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 16851-76	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 18554-85	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 18781- 808	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 18809-37	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 3635-95	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 3722-59	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 4385- 4444	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 4472-89	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 4564-93	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 4654- 4710	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 4776-78	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 4790- 4824	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 5856-67	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 6858- 6923	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 7165-67	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 7175-87	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
SP COMM 9340-69	Southern Peru Copper Corporation, Goldman Sachs Presentations	Goldman Sachs & Co.	
	Analyst Report: Alumina Ltd/Rio Tinto Limited	JPMorgan	03/10/05

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	Analyst Report: Antofagasta PLC	Bear Stearns & Co.	01/29/04
	Analyst Report: Antofagasta PLC	Bear Stearns & Co.	01/30/04
	Analyst Report: Antofagasta PLC	Bear Stearns & Co.	03/10/04
	Analyst Report: Antofagasta PLC	Bear Stearns & Co.	09/08/04
	Analyst Report: Antofagasta PLC	Bear Stearns & Co.	03/29/05
	Analyst Report: Antofagasta PLC	Canaccord Capital	01/27/05
	Analyst Report: Antofagasta PLC	Credit Suisse First Boston Ltd.	03/03/04
	Analyst Report: Antofagasta PLC	Deutsche Bank Securities	09/02/04
	Analyst Report: Antofagasta PLC	Deutsche Bank Securities	09/07/04
	Analyst Report: Antofagasta PLC	Deutsche Bank Securities	10/04/04
	Analyst Report: Antofagasta PLC	Deutsche Bank Securities	02/15/05
	Analyst Report: Antofagasta PLC	Deutsche Bank Securities	03/16/05
	Analyst Report: Antofagasta PLC	Evolution Securities	09/07/04
	Analyst Report: Antofagasta PLC	Evolution Securities	03/15/05
	Analyst Report: Antofagasta PLC	JPMorgan	03/09/04
	Analyst Report: Antofagasta PLC	JPMorgan	04/29/04
	Analyst Report: Antofagasta PLC	JPMorgan	06/11/04
	Analyst Report: Antofagasta PLC	JPMorgan	01/26/05
	Analyst Report: Antofagasta PLC	JPMorgan	04/04/05
	Analyst Report: Antofagasta PLC	Morgan Stanley	03/09/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	03/11/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	04/26/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	07/16/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	07/28/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	09/08/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	09/16/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	10/28/04
	Analyst Report: Antofagasta PLC	Morgan Stanley	03/16/05
	Analyst Report: Antofagasta PLC	Morgan Stanley	03/31/05
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	01/14/04
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	02/17/04
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	03/09/04
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	03/25/04
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	05/03/04

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	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	09/13/04
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	09/24/04
	Analyst Report: Antofagasta PLC	Prudential Equity Group, Inc.	03/18/05
	Analyst Report: Antofagasta PLC	RBC Capital Markets	03/10/04
	Analyst Report: Antofagasta PLC	Santander	05/19/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	01/09/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	01/20/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	02/01/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	03/09/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	03/17/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	03/29/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	04/05/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	04/23/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	04/29/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	06/10/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	07/01/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	07/28/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	09/07/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	09/24/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	10/28/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	11/22/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	12/08/04
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	01/31/05

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	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	03/16/05
	Analyst Report: Antofagasta PLC	Smith Barney Citigroup	03/29/05
	Analyst Report: Antofagasta PLC	UBS	07/28/04
	Analyst Report: Antofagasta PLC	UBS	09/03/04
	Analyst Report: Antofagasta PLC	UBS	09/07/04
	Analyst Report: Antofagasta PLC	UBS	10/29/04
	Analyst Report: Apex Silver Mines	Bear Stearns & Co.	05/05/04
	Analyst Report: Aur Resources, Inc.	National Bank Financial	02/13/05
	Analyst Report: Base Metals	Canaccord Capital	09/01/04
	Analyst Report: Base Metals	Canaccord Capital	10/14/04
	Analyst Report: Base Metals and Minerals Weekly	National Bank Financial	04/01/05
	Analyst Report: Base Metals Outlook	Canaccord Capital	08/30/04
	Analyst Report: Base Metals Outlook	Canaccord Capital	03/28/05
	Analyst Report: Basic Materials	Morgan Stanley	09/27/04
	Analyst Report: Basic Materials Scorecard	UBS	09/13/04
	Analyst Report: BHP Billiton Ltd.	Deutsche Bank Securities	11/29/04
	Analyst Report: BIIP Billiton Ltd.	Investec Securities	10/25/04
	Analyst Report: BIIP Billiton Ltd.	JPMorgan	03/22/05
	Analyst Report: BHP Billiton Ltd.	Morgan Stanley	01/27/05
	Analyst Report: BHP Billiton Ltd.	Morgan Stanley	02/15/05
	Analyst Report: BHP Billiton Ltd.	Morgan Stanley	02/17/05
	Analyst Report: BHP Billiton Ltd.	Morgan Stanley	03/07/05
	Analyst Report: BIIP Billiton Ltd.	Morgan Stanley	03/08/05
	Analyst Report: BIIP Billiton Ltd.	Morgan Stanley	03/09/05
	Analyst Report: BHP Billiton Ltd.	RBC Capital Markets	03/16/05
	Analyst Report: BHP Billiton Ltd.	Smith Barney Citigroup	03/09/05
	Analyst Report: BIIP Billiton Ltd.	Smith Barney Citigroup	03/31/05
	Analyst Report: BHP Billiton Ltd.	UBS	10/26/04
	Analyst Report: Boliden	Alandsbanken	09/30/04
	Analyst Report: Boliden	Alandsbanken	10/26/04
	Analyst Report: Boliden	Carnegie Investment Bank	08/05/04
	Analyst Report: Boliden	Carnegie Investment Bank	10/25/04
	Analyst Report: Boliden	Carnegie Investment Bank	11/12/04

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	Analyst Report: Boliden	Institutional Shareholder Services	11/30/04
	Analyst Report: Boliden	JPMorgan	02/02/05
	Analyst Report: Boliden	JPMorgan	02/10/05
	Analyst Report: Boliden	JPMorgan	03/14/05
	Analyst Report: Boliden	JPMorgan	03/15/05
	Analyst Report: Boliden	Kaupthing	09/30/04
	Analyst Report: Boliden	Kaupthing	03/03/05
	Analyst Report: Broken Hill	Thomson Financial Securities Data	03/12/05
	Analyst Report: Buenaventura Mining	JPMorgan	10/11/04
	Analyst Report: CEO Interview: S Houghton - South American Gold & Copper Co.	Wall Street Transcript Corporation	12/20/04
	Analyst Report: Columbian Chemicals Co.	Corporate Technology Information Services	03/30/05
	Analyst Report: Commodity Corner - Copper to Crumble?	Abn Amro Bank N.V. Australia	02/09/05
	Analyst Report: Commodity Corner - Copper, Down But Not Out	Abn Amro Bank N.V. Australia	03/03/05
	Analyst Report: Commodity Corner - Copper: The Pipeline Fills Up	Abn Amro Bank N.V. Australia	11/24/04
	Analyst Report: Commodity Corner - Feast of Copper Data from ICSG	Abn Amro Bank N.V. Australia	11/12/04
	Analyst Report: Commodity Corner - Gold Set to Gleam, Says Consultancy	RBS	01/14/05
	Analyst Report: Commodity Corner: Exchange Stocks of Copper Dwindle	Abn Amro Bank N.V. Australia	01/26/05
	Analyst Report: Copper Key Technologies, Inc.	Corporate Technology Information Services	03/30/05
	Analyst Report: Copper Mountain Networks, Inc.	Corporate Technology Information Services	03/30/05
	Analyst Report: Copper Mountain Networks, Inc.	Thomson Street Events	11/01/04
	Analyst Report: Copper Mountain Networks, Inc.	W.R. Hambrecht & Co.	11/02/04
	Analyst Report: Copper Smelting Margins Update	UBS	10/22/04
	Analyst Report: Copper Smelting Margins Update	UBS	11/15/04

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	Analyst Report: Copper State Communications, Inc.	Corporate Technology Information Services	03/30/05
	Analyst Report: Copper: Four Straight Weeks of Commodity Exchange	Prudential Equity Group, Inc.	02/25/05
	Analyst Report: Daido Steel Co. Ltd.	UBS	09/30/04
	Analyst Report: Earnings Calendar - Fourth Quarter 2003: Metals & Mining	JPMorgan	01/20/04
	Analyst Report: El Dorado Gold Corp	National Bank Financial	03/21/05
	Analyst Report: European Miners	JPMorgan	03/09/05
	Analyst Report: Falconbridge Limited	Canaccord Capital	07/26/04
	Analyst Report: First Quantum Minerals Ltd.	Canaccord Capital	12/09/04
	Analyst Report: FNX Mining Company, Inc.	CIBC World Markets Corp.	03/07/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Bear Stearns & Co.	10/20/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Bear Stearns & Co.	01/19/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Canaccord Capital	03/08/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Deutsche Bank Securities	10/19/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Deutsche Bank Securities	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	JPMorgan	10/20/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	JPMorgan	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Morgan Stanley	10/21/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Morgan Stanley	11/23/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Morgan Stanley	12/21/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Morgan Stanley	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Morgan Stanley	03/31/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	National Bank Financial	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	10/23/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	10/31/04

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	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	11/06/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	11/14/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	11/27/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	12/04/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	12/19/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	01/01/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	01/09/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Pricetarget Research, Inc.	02/06/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Prudential Equity Group, Inc.	10/19/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Prudential Equity Group, Inc.	11/11/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Prudential Equity Group, Inc.	12/21/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Prudential Equity Group, Inc.	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Smith Barney Citigroup	10/19/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Smith Barney Citigroup	01/06/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Smith Barney Citigroup	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Thomson Street Events	10/19/04
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	Thomson Street Events	01/18/05
	Analyst Report: Freeport McMoRan Copper & Gold, Inc.	UBS	10/20/04
	Analyst Report: Gem, Steel, Mining, and Cement	Bear Stearns & Co.	09/22/04
	Analyst Report: Gem, Steel, Mining, and Cement	Bear Stearns & Co.	10/22/04
	Analyst Report: Gem, Steel, Mining, and Cement	Bear Stearns & Co.	12/28/04
	Analyst Report: Gem, Steel, Mining, and Cement	Bear Stearns & Co.	03/24/05

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	Analyst Report: Global Base Metal Equity and Commodity Report Card	RBC Capital Markets	02/19/05
	Analyst Report: Global Commodities Focus	Deutsche Bank Securities	11/15/04
	Analyst Report: Global Commodities Focus - Copper Market Update	Deutsche Bank Securities	03/18/05
	Analyst Report: Global Commodities Focus - Copper: 2004 Deficit	Deutsche Bank Securities	12/13/04
	Analyst Report: Global Commodities Focus - Copper: 2005 Outlook Remains Upbeat	Deutsche Bank Securities	01/13/05
	Analyst Report: Global Metals & Mining	Credit Suisse First Boston Ltd.	01/08/04
	Analyst Report: Global Metals & Mining	Credit Suisse First Boston Ltd.	03/26/04
	Analyst Report: Global Metals & Mining	Credit Suisse First Boston Ltd.	05/06/04
	Analyst Report: Global Metals & Mining	Credit Suisse First Boston Ltd.	07/06/04
	Analyst Report: Global Metals & Mining	JPMorgan	08/02/04
	Analyst Report: Global Metals & Mining	JPMorgan	10/01/04
	Analyst Report: Global Metals & Mining	JPMorgan	03/04/05
	Analyst Report: Global Metals & Mining	JPMorgan	03/18/05
	Analyst Report: Global Metals & Mining	JPMorgan	04/01/05
	Analyst Report: Global Mining Analyzer	UBS	08/16/04
	Analyst Report: Grupo Mexico	Banorte Securities International	10/21/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	09/09/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	09/29/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	10/11/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	10/25/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	10/28/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	10/29/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	11/05/04
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	03/10/05
	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	03/15/05



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	Analyst Report: Grupo Mexico	BBVA Securities, Inc.	03/31/05
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	01/29/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	01/30/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	02/05/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	02/20/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	04/23/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	07/20/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	07/29/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	08/06/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	10/20/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	10/25/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	10/29/04
	Analyst Report: Grupo Mexico	Bear Stearns & Co.	03/14/05
	Analyst Report: Grupo Mexico	Casa de Bolsa Banorte, S.A. de C.V.	02/19/04
	Analyst Report: Grupo Mexico	Casa de Bolsa Banorte, S.A. de C.V.	10/21/04
	Analyst Report: Grupo Mexico	Casa de Bolsa Banorte, S.A. de C.V.	10/28/04
	Analyst Report: Grupo Mexico	Deutsche Bank Securities	01/07/05
	Analyst Report: Grupo Mexico	Deutsche Bank Securities	03/14/05
	Analyst Report: Grupo Mexico	Deutsche Bank Securities	03/17/05
	Analyst Report: Grupo Mexico	Deutsche Bank Securities	04/13/05
	Analyst Report: Grupo Mexico	Fitch Ratings	03/08/04
	Analyst Report: Grupo Mexico	Fitch Ratings	01/21/05
	Analyst Report: Grupo Mexico	Grupo Bursatil Mexicano	02/05/04
	Analyst Report: Grupo Mexico	Grupo Bursatil Mexicano	02/19/04
	Analyst Report: Grupo Mexico	Grupo Bursatil Mexicano	04/22/04
	Analyst Report: Grupo Mexico	JPMorgan	02/09/04
	Analyst Report: Grupo Mexico	JPMorgan	02/20/04
	Analyst Report: Grupo Mexico	JPMorgan	04/22/04
	Analyst Report: Grupo Mexico	JPMorgan	07/28/04
	Analyst Report: Grupo Mexico	JPMorgan	10/22/04
	Analyst Report: Grupo Mexico	JPMorgan	10/28/04

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	Analyst Report: Grupo Mexico	JPMorgan	01/31/05
	Analyst Report: Grupo Mexico	Morgan Stanley	03/11/04
	Analyst Report: Grupo Mexico	Morgan Stanley	04/22/04
	Analyst Report: Grupo Mexico	Morgan Stanley	07/28/04
	Analyst Report: Grupo Mexico	Morgan Stanley	08/16/04
	Analyst Report: Grupo Mexico	Morgan Stanley	09/16/04
	Analyst Report: Grupo Mexico	Morgan Stanley	10/29/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	03/22/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	04/22/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	07/22/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	07/27/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	07/29/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	08/26/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	08/27/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	10/18/04
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	Analyst Report: Grupo Mexico	Smith Barney Citigroup	10/25/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	11/09/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	12/15/04
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	01/31/05
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	02/01/05
	Analyst Report: Grupo Mexico	Smith Barney Citigroup	02/02/05
	Analyst Report: Hecla Mining Co.	CIBC World Markets Corp.	05/11/04
	Analyst Report: IIndalco Industries	Motilal Oswal Securities, Ltd.	03/21/05
	Analyst Report: IMA Exploration Inc.	Canaccord Capital	09/15/04
	Analyst Report: Inmet Mining Corp.	National Bank Financial	11/25/04

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	Analyst Report: Iron Ore - 2005 and the Super Cycle	Smith Barney Citigroup	03/04/05
	Analyst Report: Jiangxi Copper Co.	Core Pacific - Yamaichi International	10/28/04
	Analyst Report: Jiangxi Copper Co.	Core Pacific - Yamaichi International	04/01/05
	Analyst Report: Jiangxi Copper Co.	DBS Vickers Securities	02/21/05
	Analyst Report: Jiangxi Copper Co.	DBS Vickers Securities	03/11/05
	Analyst Report: Jiangxi Copper Co.	DBS Vickers Securities	03/15/05
	Analyst Report: Jiangxi Copper Co.	Deutsche Bank Securities	10/25/04
	Analyst Report: Jiangxi Copper Co.	Deutsche Bank Securities	01/19/05
	Analyst Report: Jiangxi Copper Co.	Deutsche Bank Securities	02/28/05
	Analyst Report: Jiangxi Copper Co.	Deutsche Bank Securities	03/10/05
	Analyst Report: Jiangxi Copper Co.	South China Research Ltd.	03/11/05
	Analyst Report: Kennecott Utah Copper Corporation	Corporate Technology Information Services	03/30/05
	Analyst Report: KGHM Polska Miedz	ING Bank N.V.	02/28/05
	Analyst Report: Kingboard Copper Foil Holdings	DBS Vickers Securities	02/28/05
	Analyst Report: Latin American Copper	Bear Stearns & Co.	12/06/04
	Analyst Report: Latin American Copper	Bear Stearns & Co.	01/26/05
	Analyst Report: Latin American Copper	Deutsche Bank Securities	03/02/05
	Analyst Report: Latin American Copper	Deutsche Bank Securities	03/17/05
	Analyst Report: Latin American Metals and Mining	BBVA Securities, Inc.	02/17/05
	Analyst Report: Latin American Metals and Mining	JPMorgan	03/14/05
	Analyst Report: Metals and Mining	Deutsche Bank Securities	10/15/04
	Analyst Report: Metals and Mining	Deutsche Bank Securities	12/20/04
	Analyst Report: Metals and Mining	Morgan Stanley	07/19/04

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	Analyst Report: Metals and Mining	Morgan Stanley	01/17/05
	Analyst Report: Metals and Mining	Morgan Stanley	01/21/05
	Analyst Report: Metals and Mining	Morgan Stanley	02/23/05
	Analyst Report: Metals and Mining	Morgan Stanley	02/28/05
	Analyst Report: Metals and Mining	Morgan Stanley	03/31/05
	Analyst Report: Metals and Mining	Deutsche Bank Securities	10/15/04
	Analyst Report: Metals and Mining	Prudential Equity Group, Inc.	03/03/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	01/09/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	01/13/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	01/18/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	01/31/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	02/06/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	02/13/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	02/21/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	02/27/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	03/06/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	03/14/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	03/20/05
	Analyst Report: Metals and Mining	Smith Barney Citigroup	03/28/05
	Analyst Report: Metals and Mining/Papers and Forest Products	Prudential Equity Group, Inc.	10/08/04
	Analyst Report: Metals Bulletin	JPMorgan	09/29/04
	Analyst Report: Metals, Mining and Steel	JPMorgan	03/30/05
	Analyst Report: Metals: Highlights of March 29th Conference	Prudential Equity Group, Inc.	03/29/05
	Analyst Report: Metals: Hopefully Cost Inflation Peaks in 2005 First-Quarter	Prudential Equity Group, Inc.	03/09/05
	Analyst Report: Metals: Molybdenum Demand Tied to Specialized End-Markets	Prudential Equity Group, Inc.	01/14/05
	Analyst Report: Minera Mexico	Fitch Ratings	02/09/04
	Analyst Report: Minera Mexico	Fitch Ratings	01/21/05

Bates #	Document Description	Source	Date
	Analyst Report: Mining and Metals	Canaccord Capital	03/15/05
	Analyst Report: Mining and Steel Bulletin	JPMorgan	04/28/04
	Analyst Report: Mining Weekly	Orion Securities	03/21/05
	Analyst Report: Mining Weekly	Orion Securities	03/28/05
	Analyst Report: Mining, Materials, and Gold	UBS	09/28/04
	Analyst Report: Newmont Mining Corp	Smith Barney Citigroup	02/25/05
	Analyst Report: Nonferrous Metals & Mining - Molybdenum Availability	Morgan Stanley	12/10/04
	Analyst Report: Nonferrous Metals & Mining - Molybdenum Price Up Sharply	Morgan Stanley	12/10/04
	Analyst Report: Nonferrous Metals Update	Samsung Securities Co. Ltd.	01/05/04
	Analyst Report: Norddeutsche Affinerie AG	Natexis Bleichroeder, Inc.	12/16/04
	Analyst Report: Norddeutsche Affinerie AG	Natexis Bleichroeder, Inc.	03/02/05
	Analyst Report: Novagold Resources, Inc.	Canaccord Capital	01/11/05
	Analyst Report: Outokumpu Copper Franklin, Inc.	Corporate Technology Information Services	03/30/05
	Analyst Report: Oxiana Ltd.	Abn Amro Bank N.V. Australia	03/15/05
	Analyst Report: Oxiana Ltd.	Deutsche Bank Securities	01/14/05
	Analyst Report: Oxiana Ltd.	RBC Capital Markets	01/17/05
	Analyst Report: Oxiana Ltd.	RBS	03/15/05
	Analyst Report: Oxiana Ltd.	Smith Barney Citigroup	03/30/05
	Analyst Report: Phelps Dodge Corporation	Bear Stearns & Co.	03/29/04
	Analyst Report: Phelps Dodge Corporation	Bear Stearns & Co.	10/28/04
	Analyst Report: Phelps Dodge Corporation	Bear Stearns & Co.	01/28/05
	Analyst Report: Phelps Dodge Corporation	BMO Capital Markets	07/28/04
	Analyst Report: Phelps Dodge Corporation	BMO Capital Markets	03/01/05
	Analyst Report: Phelps Dodge Corporation	Canaccord Capital	03/08/05
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	01/06/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	02/01/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	02/13/04

Bates #	Document Description	Source	Date
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	04/16/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	04/29/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	06/03/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	07/28/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	10/28/04
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	01/18/05
	Analyst Report: Phelps Dodge Corporation	CIBC World Markets Corp.	01/27/05
	Analyst Report: Phelps Dodge Corporation	Corporate Technology Information Services	03/30/05
	Analyst Report: Phelps Dodge Corporation	Institutional Shareholder Services	05/28/04
	Analyst Report: Phelps Dodge Corporation	JPMorgan	01/29/04
	Analyst Report: Phelps Dodge Corporation	JPMorgan	10/29/04
	Analyst Report: Phelps Dodge Corporation	JPMorgan	01/28/05
	Analyst Report: Phelps Dodge Corporation	Lehman Brothers	09/22/04
	Analyst Report: Phelps Dodge Corporation	Lehman Brothers	03/18/05
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	01/30/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	03/10/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	06/02/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	08/30/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	10/11/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	10/28/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	11/23/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	02/03/05
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	04/30/03
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	10/09/03
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	04/28/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	07/27/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	08/30/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	09/14/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	09/24/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	10/28/04
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	02/03/05
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	02/16/05
	Analyst Report: Phelps Dodge Corporation	Morgan Stanley	03/31/05
	Analyst Report: Phelps Dodge Corporation	Pricetarget Research, Inc.	05/02/04

Bates #	Document Description	Source	Date
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	01/29/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	02/17/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	03/25/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	04/07/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	04/28/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	06/03/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	07/27/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	07/28/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	08/11/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	09/24/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	10/11/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	10/28/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	12/20/04
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	01/06/05
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	01/07/05
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	02/02/05
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	02/24/05
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	03/08/05
	Analyst Report: Phelps Dodge Corporation	Prudential Equity Group, Inc.	03/29/05
	Analyst Report: Phelps Dodge Corporation	RBC Capital Markets	01/30/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	01/29/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	03/01/04

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	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	03/24/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	04/29/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	06/03/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	07/27/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	10/29/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	11/09/04
	Analyst Report: Phelps Dodge Corporation	Smith Barney Citigroup	01/27/05
	Analyst Report: Phelps Dodge Corporation	UBS	01/30/04
	Analyst Report: Phelps Dodge Corporation	UBS	08/18/04
	Analyst Report: Phelps Dodge Corporation	UBS	10/13/04
	Analyst Report: Phelps Dodge Corporation	UBS	10/29/04
	Analyst Report: Placer Dome Inc.	UBS	10/29/04
	Analyst Report: Quadra Mining Ltd.	Orion Securities	10/05/04
	Analyst Report: Red Hot Chile Copper - Declining?	Santander	12/14/04
	Analyst Report: Riding the Super Cycle Metals and Mining Strategy Review	Smith Barney Citigroup	01/31/05
	Analyst Report: Rio Tinto Limited	Deutsche Bank Securities	01/19/05
	Analyst Report: Rio Tinto Limited	JPMorgan	01/20/05
	Analyst Report: Rio Tinto Limited	Prudential Equity Group, Inc.	02/03/05
	Analyst Report: Rio Tinto Limited	RBC Capital Markets	01/19/05
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	08/02/04
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	09/13/04
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	09/27/04
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	10/18/04
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	01/24/05
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	03/07/05
	Analyst Report: Rock, Paper, Scissors	Smith Barney Citigroup	03/14/05



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	Analyst Report: Royal Gold, Inc.	National Bank Financial	10/17/04
	Analyst Report: Silver Standard Resources	National Bank Financial	06/28/04
	Analyst Report: SMC Gold Ltd.	Abn Amro Bank N.V. Australia	12/10/04
	Analyst Report: Southern Peru Copper Corporation	BBVA Securities, Inc.	09/09/04
	Analyst Report: Southern Peru Copper Corporation	Bear Stearns & Co.	03/09/04
	Analyst Report: Southern Peru Copper Corporation	Bear Stearns & Co.	08/06/04
	Analyst Report: Southern Peru Copper Corporation	Bear Stearns & Co.	02/24/05
	Analyst Report: Southern Peru Copper Corporation	Bear Stearns & Co.	03/15/05
	Analyst Report: Southern Peru Copper Corporation	BMO Capital Markets	09/20/04
	Analyst Report: Southern Peru Copper Corporation	BMO Capital Markets	10/25/04
	Analyst Report: Southern Peru Copper Corporation	Centura Sab	02/04/04
	Analyst Report: Southern Peru Copper Corporation	Centura Sab	02/06/04
	Analyst Report: Southern Peru Copper Corporation	Centura Sab	04/22/04
	Analyst Report: Southern Peru Copper Corporation	Deutsche Bank Securities	02/28/05
	Analyst Report: Southern Peru Copper Corporation	Epsilon	01/09/04
	Analyst Report: Southern Peru Copper Corporation	Epsilon	01/23/04
	Analyst Report: Southern Peru Copper Corporation	Epsilon	05/26/04
	Analyst Report: Southern Peru Copper Corporation	Epsilon	09/22/04
	Analyst Report: Southern Peru Copper Corporation	Epsilon	10/11/04
	Analyst Report: Southern Peru Copper Corporation	Epsilon	12/17/04
	Analyst Report: Southern Peru Copper Corporation	Institutional Shareholder Services	03/24/04
	Analyst Report: Southern Peru Copper Corporation	Institutional Shareholder Services	04/29/04

Bates #	Document Description	Source	Date
	Analyst Report: Southern Peru Copper Corporation	Institutional Shareholder Services	03/28/05
	Analyst Report: Southern Peru Copper Corporation	JPMorgan	01/30/04
	Analyst Report: Southern Peru Copper Corporation	JPMorgan	04/22/04
	Analyst Report: Southern Peru Copper Corporation	JPMorgan	07/23/04
	Analyst Report: Southern Peru Copper Corporation	JPMorgan	10/22/04
	Analyst Report: Southern Peru Copper Corporation	Morgan Stanley	10/25/04
	Analyst Report: Southern Peru Copper Corporation	Morgan Stanley	03/10/04
	Analyst Report: Southern Peru Copper Corporation	Morgan Stanley	04/21/04
	Analyst Report: Southern Peru Copper Corporation	Morgan Stanley	07/23/04
	Analyst Report: Southern Peru Copper Corporation	Morgan Stanley	09/16/04
	Analyst Report: Southern Peru Copper Corporation	Morgan Stanley	10/25/04
	Analyst Report: Southern Peru Copper Corporation	RBC Capital Markets	04/30/04
	Analyst Report: Southern Peru Copper Corporation	Santander	04/22/04
	Analyst Report: Steel, Nonferrous Metals and Mining, Wire and Cable	Morgan Stanley	02/10/05
	Analyst Report: Steel, Nonferrous Metals and Mining, Wire and Cable	Morgan Stanley	03/11/05
	Analyst Report: Teck Cominco Ltd.	Credit Suisse First Boston Ltd.	07/26/04
	Analyst Report: Teck Cominco Ltd.	JPMorgan	04/27/04
	Analyst Report: Teck Cominco Ltd.	RBC Capital Markets	02/01/05
	Analyst Report: Teck Cominco Ltd.	RBC Capital Markets	02/03/05
	Analyst Report: Third Quarter 2004 - Earnings Preview	Credit Suisse First Boston Ltd.	10/08/04
	Analyst Report: Tiomin Resources, Inc.	Loewen, Ondaatje, McCutcheon Limited	01/11/05
	Analyst Report: Vedanta Resources	Morgan Stanley	01/28/05
	Analyst Report: Vedanta Resources	Morgan Stanley	03/04/05
	Analyst Report: Weekly Metals Summary	Prudential Equity Group, Inc.	11/22/04

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	Analyst Report: Weekly Metals Summary	Prudential Equity Group, Inc.	02/28/05
	Analyst Report: Weekly Metals Summary	Prudential Equity Group, Inc.	03/07/05
	Analyst Report: Weekly Metals Summary	Prudential Equity Group, Inc.	03/21/05
	Analyst Report: Weekly Metals Summary	Prudential Equity Group, Inc.	03/28/05
	Analyst Report: Western Silver Corp.	Orion Securities	06/02/04
	Analyst Report: Western Silver Corp.	Orion Securities	09/02/04
	Analyst Report: Western Silver Corp.	Orion Securities	10/05/04
	Analyst Report: Wheaton River Minerals	RBC Capital Markets	11/02/04
	Analyst Report: WMC Resources	Morgan Stanley	01/31/05
	Analyst Report: Xstrata	Deutsche Bank Securities	03/24/05
	Analyst Report: Xstrata	JPMorgan	03/16/05
	Analyst Report: Xstrata	Morgan Stanley	02/09/05
	Analyst Report: Zinifex Ltd	Smith Barney Citigroup	06/30/04
	Antofagasta PLC Annual Report	Antofagasta PLC	12/31/02
	Antofagasta PLC Annual Report	Antofagasta PLC	12/31/03
	Antofagasta PLC Annual Report	Antofagasta PLC	12/31/04
	Antofagasta PLC Annual Report (Interim)	Antofagasta PLC	06/30/04
	Boliden Annual Report	Boliden	12/31/03
	Boliden Annual Report	Boliden	12/31/04
	Freeport McMoRan Corporation Form 10-Q	Freeport McMoRan Corporation	12/31/04
	Grupo México, S.A. de C.V. Annual Report	Grupo México, S.A. de C.V.	12/31/02
	Grupo México, S.A. de C.V. Annual Report	Grupo México, S.A. de C.V.	12/31/03
	Grupo México, S.A. de C.V. Annual Report	Grupo México, S.A. de C.V.	12/31/04
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	Grupo México, S.A. de C.V. Results 2Q	Grupo México, S.A. de C.V.	07/28/04
	Grupo México, S.A. de C.V. Results 2Q	Grupo México, S.A. de C.V.	07/22/09

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	Grupo México, S.A. de C.V. Results 3Q	Grupo México, S.A. de C.V.	10/28/03
	Grupo México, S.A. de C.V. Results 3Q	Grupo México, S.A. de C.V.	10/28/04
	Grupo México, S.A. de C.V. Results 4Q	Grupo México, S.A. de C.V.	01/30/09
	Minera Mexico, S.A. DE C.V. Form 12b-25 (for 12/31/02 20-F)	Minera México, S.A. de C.V.	12/31/02
	Minera Mexico, S.A. DE C.V. Form 12b-25 (for 12/31/03 20-F)	Minera México, S.A. de C.V.	12/31/03
	Minera México, S.A. de C.V. Form 15-D	Minera México, S.A. de C.V.	04/06/05
	Minera Mexico, S.A. DE C.V. Form 20-F	Minera México, S.A. de C.V.	12/31/02
	Minera Mexico, S.A. DE C.V. Form 20-F	Minera México, S.A. de C.V.	12/31/03
	Minera México, S.A. de C.V. Form 6-K	Minera México, S.A. de C.V.	09/30/02
	Minera México, S.A. de C.V. Form 6-K	Minera México, S.A. de C.V.	03/31/03
	Minera México, S.A. de C.V. Form 6-K	Minera México, S.A. de C.V.	06/30/03
	Minera México, S.A. de C.V. Form 6-K	Minera México, S.A. de C.V.	09/30/03
	Minera México, S.A. de C.V. Form 6-K	Minera México, S.A. de C.V.	03/31/04
	Minera México, S.A. de C.V. Form 6-K	Minera México, S.A. de C.V.	09/30/04
	Phelps Dodge Corporation Form 10-K	Phelps Dodge Corporation	12/31/02
	Phelps Dodge Corporation Form 10-K	Phelps Dodge Corporation	12/31/03
	Phelps Dodge Corporation Form 10-K	Phelps Dodge Corporation	12/31/04
	Phelps Dodge Corporation Form 10-Q	Phelps Dodge Corporation	06/30/04
	Southern Copper Corporation Form 10-K	Southern Copper Corporation	12/31/06
	Southern Peru Copper Corporation Form 10-K	Southern Peru Copper Corporation	12/31/03
	Southern Peru Copper Corporation Form 10-K	Southern Peru Copper Corporation	12/31/04
	Southern Peru Copper Corporation Form 10-K/A	Southern Peru Copper Corporation	12/31/03

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	Southern Peru Copper Corporation Form 10-Q	Southern Peru Copper Corporation	03/31/04
	Southern Peru Copper Corporation Form 10-Q	Southern Peru Copper Corporation	06/30/04
	Southern Peru Copper Corporation Form 10-Q	Southern Peru Copper Corporation	09/30/04
	Southern Peru Copper Corporation Form 10-Q /A	Southern Peru Copper Corporation	06/30/04
	Southern Peru Copper Corporation Form 10-Q /A	Southern Peru Copper Corporation	09/30/04
	Southern Peru Copper Corporation Form 11-K	Southern Peru Copper Corporation	12/31/03
	Southern Peru Copper Corporation Form 8-K	Southern Peru Copper Corporation	04/21/05
	Southern Peru Copper Corporation Schedule 14-A	Southern Peru Copper Corporation	11/22/04
	Xstrata Plc Annual Report	Xstrata Plc	12/31/03
	Antofagasta PLC Press Release	Antofagasta PLC	06/19/06
	Bloomberg Financial Database		
	Blue Chip Economic Indicators		10/10/04
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	Capital IQ		
	Certificate of Financial Interest	US District Court for the Southern District of Texas, Houston Division	07/27/09
	Complaint by SPCC and its Minority Public Stockholders	State of Delaware	12/30/04
	Cost of Capital Third Edition	Shannon P. Pratt and Roger J. Grabowski	2008
	Damodaran Country Risk Premium Publication		2004
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	Deposition of Armando Ortega Gomez	Transperfect Legal Solutions	10/01/09
	Deposition of Carlos Ruiz Sacristan	Transperfect Legal Solutions	10/02/09
	Deposition of Germon Larrea Mota-Velasco	Transperfect Legal Solutions	02/24/10
	Deposition of Gilberto Perczalonso	Transperfect Legal Solutions	02/25/10
	Deposition of Harold S. Handelsman		09/02/09

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	Deposition of Luis Miguel Palomino Bonilla	Transperfect Legal Solutions	11/05/09
	Deposition of Martin Sanchez	Veritext Reporting Company	10/21/09
	Deposition of Oscar Gonzalez Rocha	Transperfect Legal Solutions	11/04/09
	Deposition of Thomas Parker	Veritext Reporting Company	10/23/09
	Deposition of Xavier Garcia De Quevedo Topete	Transperfect Legal Solutions	09/30/09
	Engagement Letter to Mr. Brown and Mr. Topaz		05/21/09
	Federal Reserve Board, Federal Open Market Committee Statement		09/21/04
	Federal Reserve Board, Press Release		03/22/05
	Federal Reserve Statistical Release, 20-Year Government Bond		10/21/04
	Federal Reserve Statistical Release, 20-Year Government Bond		04/01/05
	IHS Global Insight US Outlook - Third Quarter	IHS Global Insight	08/01/04
	International BARRA Betas		09/01/04
	International BARRA Betas		02/01/05
	International Molybdenum Association (London)		
	Japan Metal Bulletin "Molybdenum Price Hits \$18 Again"; <a href="http://www.japanmetallbulletin.com/top_bn/is040830.html">http://www.japanmetallbulletin.com/top_bn/is040830.html</a>		
	Latin-Focus "Mexican Economic Briefing September 2004; <a href="http://www.latin-focus.com/latinfocus/briefings/2004/0409_briefings/Mexico.htm">http://www.latin-focus.com/latinfocus/briefings/2004/0409_briefings/Mexico.htm</a>		
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	S&P Market Insight Mexico Economic Outlook	Standard & Poors	08/01/04
	S&P Market Insight Mexico Economic Outlook	Standard & Poors	03/01/05
	S&P Market Insight Mexico Risk Report	Standard & Poors	09/01/04
	S&P Market Insight Mexico Risk Report	Standard & Poors	04/01/05
	S&P Market Insight United States Economic Outlook	Standard & Poors	08/01/04
	Standard & Poor's Trends and Projections	Standard & Poors	10/21/04

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	Standard & Poor's Trends and Projections	Standard & Poors	03/17/05
	Standard & Poor's Ratings Direct - CreditStats: Metals Companies (Nonferrous)	Standard & Poors	08/20/04
	Standard & Poor's Ratings Direct - Freeport McMoRan Copper & Gold Inc.	Standard & Poors	12/20/04
	Standard & Poor's Ratings Direct - Grupo Mexico S.A. de C.V.	Standard & Poors	09/21/04
	Standard & Poor's Ratings Direct - Industry Report Card: Latin American Metals & Mining	Standard & Poors	10/12/04
	Standard & Poor's Ratings Direct - Industry Report Card: US Metals & Mining	Standard & Poors	12/21/04
	Standard & Poor's Ratings Direct - Key Rating Factors for Mining Companies	Standard & Poors	08/24/04
	Survey of Professional Forecasters; <a href="http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2004/survq304.cfm">http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2004/survq304.cfm</a> .	Research Department - Federal Reserve Bank of Philadelphia	08/20/04
	Survey of Professional Forecasters; <a href="http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2005/survq105.cfm">http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2005/survq105.cfm</a> .	Research Department - Federal Reserve Bank of Philadelphia	02/14/05
	US Geological Survey Commodity Summary - Copper 2004	US Geological Survey	
	US Geological Survey Commodity Summary - Molybdenum 2003	US Geological Survey	
	US Geological Survey Commodity Summary - Silver 2003	US Geological Survey	
	US Geological Survey Commodity Yearbook - Copper 2003	US Geological Survey	
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	US Geological Survey Commodity Yearbook - Molybdenum 2003	US Geological Survey	
	US Geological Survey Commodity Yearbook - Silver 2003	US Geological Survey	
	US Geological Survey Minerals Yearbook - Mineral Industry of Mexico 2003	US Geological Survey	
	US Geological Survey Minerals Yearbook - Mineral Industry of Mexico 2004	US Geological Survey	
	US Geological Survey Minerals Yearbook - Mineral Industry of Peru 2003	US Geological Survey	
	US Geological Survey Minerals Yearbook - Mineral Industry of Peru 2004	US Geological Survey	
	World Economic Outlook	International Monetary Fund	09/01/04

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	World Economic Outlook	International Monetary Fund	04/01/05



**SOUTHERN PERU COPPER CORP.**  
VALUATION OF MINERA MEXICO  
INCOME APPROACH  
AS OF OCTOBER 31, 2004  
DISCOUNTED CASH FLOW ANALYSIS  
(in \$US millions)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
(e) Total Copper Production (in Ktpy)	317.6	329.1	334.0	439.6	395.6	406.0	430.6	437.6	474.6	414.1	336.6	377.8	385.5
(b) Net Sales	\$ 1,238.9	\$ 1,290.6	\$ 1,196.0	\$ 1,356.4	\$ 1,175.2	\$ 1,197.7	\$ 1,250.6	\$ 1,269.0	\$ 1,350.1	\$ 1,217.5	\$ 1,198.6	\$ 1,152.4	\$ 1,129.8
(c) Production Costs	\$ 467.7	\$ 499.9	\$ 517.2	\$ 570.6	\$ 554.9	\$ 549.7	\$ 554.8	\$ 547.4	\$ 544.0	\$ 540.0	\$ 524.9	\$ 537.9	\$ 528.6
(d) Selling Expenses	\$ 52.7	\$ 58.3	\$ 58.8	\$ 62.3	\$ 61.6	\$ 62.0	\$ 62.4	\$ 62.4	\$ 61.5	\$ 61.4	\$ 65.5	\$ 65.4	\$ 67.7
(e) General & Administrative Cost:	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 31.2	\$ 31.2	\$ 31.2
(f) Exploration	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2
(g) EBITDA	\$ 680.7	\$ 696.6	\$ 583.3	\$ 685.7	\$ 521.0	\$ 548.3	\$ 595.6	\$ 615.5	\$ 686.9	\$ 578.3	\$ 571.9	\$ 512.7	\$ 497.1
EBITDA Margin	54.5%	54.0%	48.8%	50.6%	44.3%	45.8%	47.6%	47.9%	51.6%	47.5%	47.9%	44.5%	44.0%
(h) EBITDA Adjustment for 9-month Period <sup>(1)</sup>	\$ (481.2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(i) Adjusted EBITDA	\$ 199.5	\$ 696.6	\$ 583.3	\$ 685.7	\$ 521.0	\$ 548.3	\$ 595.6	\$ 615.5	\$ 686.9	\$ 578.3	\$ 571.9	\$ 512.7	\$ 497.1
(j) Depreciation & Depletion	\$ 26.2	\$ 155.2	\$ 187.2	\$ 200.5	\$ 210.1	\$ 221.8	\$ 238.6	\$ 250.4	\$ 259.6	\$ 269.2	\$ 275.2	\$ 281.9	\$ 287.1
(k) EBIT	\$ 173.3	\$ 539.4	\$ 396.1	\$ 485.2	\$ 310.9	\$ 326.4	\$ 357.0	\$ 365.1	\$ 427.3	\$ 309.1	\$ 296.7	\$ 230.8	\$ 210.0
EBIT Margin	54.6%	41.7%	33.6%	35.8%	26.3%	27.2%	28.3%	28.5%	32.7%	25.5%	24.8%	20.4%	18.6%
(l) Working Capital (Selling)	\$ (17.3)	\$ (53.8)	\$ (39.5)	\$ (46.5)	\$ (31.1)	\$ (32.6)	\$ (35.7)	\$ (36.5)	\$ (42.7)	\$ (30.9)	\$ (29.7)	\$ (23.1)	\$ (21.0)
(m) Adjusted EBIT	\$ 156.0	\$ 485.6	\$ 356.6	\$ 438.7	\$ 279.8	\$ 293.8	\$ 321.3	\$ 328.6	\$ 384.6	\$ 278.2	\$ 267.0	\$ 207.7	\$ 189.0
Adjusted EBIT Margin	48.8%	37.6%	29.7%	32.7%	23.8%	24.5%	27.7%	26.0%	28.9%	22.8%	22.3%	18.0%	16.7%
(n) Income Taxes <sup>(2)</sup>	\$ 51.5	\$ 155.1	\$ 115.8	\$ 139.7	\$ 89.5	\$ 94.0	\$ 102.8	\$ 105.1	\$ 123.1	\$ 89.0	\$ 85.4	\$ 66.5	\$ 60.5
(o) Debt/Fee Net Income	\$ 104.5	\$ 329.5	\$ 240.8	\$ 298.9	\$ 190.3	\$ 199.8	\$ 218.5	\$ 223.4	\$ 261.5	\$ 189.2	\$ 181.6	\$ 141.2	\$ 128.5
(p) Plus Depreciation:	\$ 26.2	\$ 155.2	\$ 187.2	\$ 200.5	\$ 210.1	\$ 221.8	\$ 238.6	\$ 250.4	\$ 259.6	\$ 269.2	\$ 275.2	\$ 281.9	\$ 287.1
(q) Less Capital Expenditures:	\$ 32.6	\$ 495.5	\$ 304.9	\$ 353.7	\$ 206.0	\$ 237.7	\$ 177.3	\$ 157.0	\$ 182.2	\$ 151.7	\$ 201.7	\$ 207.7	\$ 233.3
(r) Free Cash Flow	\$ 84.9	\$ (13.2)	\$ 132.7	\$ 344.6	\$ 216.6	\$ 101.6	\$ 269.4	\$ 316.8	\$ 327.0	\$ 329.2	\$ 251.6	\$ 210.2	\$ 175.1
(s) PV Adjustment:	\$ 0.0973	\$ 0.6945	\$ 1.6945	\$ 2.6945	\$ 3.6945	\$ 4.6945	\$ 5.6945	\$ 6.6945	\$ 7.6945	\$ 8.6945	\$ 9.6945	\$ 10.6945	\$ 11.6945
(t) PV Factor	\$ 0.9959	\$ 0.9872	\$ 0.9888	\$ 0.6439	\$ 0.7924	\$ 0.7441	\$ 0.6986	\$ 0.6560	\$ 0.6160	\$ 0.5784	\$ 0.5431	\$ 0.5099	\$ 0.4788
(v) Present Value of Discounted Free Cash Flow <sup>(3)</sup>	\$ 65.1	\$ (12.6)	\$ 119.3	\$ 257.1	\$ 171.6	\$ 75.6	\$ 188.2	\$ 207.7	\$ 201.4	\$ 190.4	\$ 136.7	\$ 107.2	\$ 83.8
(x) Total Enterprise Value	\$ 2,794.7												

Notes:

(1) Tax rate for 2004 is 33.06%, and thereafter, 32.0% (Grupo Mexico's 2005 10-K Filing, pg. 40).

(2) Adjustment to capture Q4 2004 projected results (CY 2004 Projections - LTM 9/30/04 Actual + Q4 2003 Actual).

(3) Adjusted in 2004 to capture partial quarter results.

(a) MM Model - GS SPCC 0545464s, tab "Merch" (Y-axis and formula extended through projection period).

(b) Summation of product revenues and other consolidated revenue minus metal purchases (MM Model - GS SPCC 0545464s, tabs "Revenue" and "Price"). Product prices subsequent to 2004 are valued using projected metal prices as measured by Duff &amp; Phelps.

(c) MM Model - GS SPCC 0545464s, tab "Cost".

(d) MM Model - GS SPCC 0545464s, tab "Cost".

(e) MM Model - GS SPCC 0545464s, tab "Financial".

(f) MM Model - GS SPCC 0545464s, tab "Financial".

(g) Net Sales - Production Costs - Selling Expenses - General &amp; Administrative Cost - Exploration.

(h) SP COMEX 008722 - SP COMEX 008729, at 731; Grupo Mexico, Results 2003 CEO's Report, pg. 7.

(i) EBITDA - EBITDA Adjustment for 9-month Period.

(j) MM Model - GS SPCC 0545464s, tab "Financial" (Depreciation for 2004 is adjusted for the 2004 Q4 period).

(k) EBIT - EBIT.

(l) EBIT - EBIT.

(m) EBIT - EBIT.

(n) EBIT - EBIT.

(o) EBIT - EBIT.

(p) EBIT - EBIT.

(q) EBIT - EBIT.

(r) EBIT - EBIT.

(s) EBIT - EBIT.

(t) EBIT - EBIT.

(u) EBIT - EBIT.

(v) EBIT - EBIT.

(w) EBIT - EBIT.

(x) EBIT - EBIT.

(y) EBIT - EBIT.

(z) EBIT - EBIT.

(aa) EBIT - EBIT.

(ab) EBIT - EBIT.

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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(a) Total Copper Production	372.5	359.6	375.4	378.8	366.7	366.9	354.9	366.5	367.8	368.8	348.1	337.3	324.9	324.8
(b) Net Sales	\$ 1,064.1	\$ 1,002.5	\$ 1,037.4	\$ 990.3	\$ 969.3	\$ 916.3	\$ 935.7	\$ 912.5	\$ 908.9	\$ 885.2	\$ 837.0	\$ 808.9	\$ 756.5	\$ 725.1
(c) Production Costs	\$ 504.5	\$ 499.3	\$ 499.1	\$ 455.1	\$ 438.3	\$ 400.4	\$ 402.8	\$ 396.7	\$ 399.9	\$ 401.7	\$ 391.4	\$ 391.9	\$ 402.3	\$ 400.4
(d) Selling Expenses	67.4	63.7	63.5	61.3	54.3	50.3	48.6	49.5	50.4	51.3	51.9	52.0	46.6	48.9
(e) General & Administrative Costs	29.8	28.5	28.7	25.7	25.7	24.4	24.4	24.4	24.4	23.0	23.0	23.0	21.7	21.7
(f) Exploration	4.4	3.5	3.5	2.7	2.7	1.9	1.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1
(g) EBITDA	\$ 488.0	\$ 407.5	\$ 442.9	\$ 445.3	\$ 448.3	\$ 439.5	\$ 476.0	\$ 480.8	\$ 473.2	\$ 468.1	\$ 369.6	\$ 341.9	\$ 284.9	\$ 282.0
EBITDA Margin	45.0%	40.7%	42.7%	45.0%	46.2%	42.0%	45.3%	46.3%	47.7%	46.1%	44.2%	42.2%	37.7%	34.8%
(h) EBITDA Adjustment for 9-month Period <sup>(b)</sup>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(i) Adjusted EBITDA	\$ 488.0	\$ 407.5	\$ 442.9	\$ 445.3	\$ 448.3	\$ 439.5	\$ 476.0	\$ 480.8	\$ 473.2	\$ 468.1	\$ 369.6	\$ 341.9	\$ 284.9	\$ 282.0
(j) Depreciation & Depletion	295.3	301.1	231.0	224.4	259.7	242.7	242.9	200.5	201.5	185.8	181.2	183.0	182.8	171.7
(k) EBIT	\$ 192.7	\$ 106.5	\$ 211.9	\$ 220.9	\$ 188.6	\$ 196.8	\$ 233.1	\$ 140.6	\$ 231.7	\$ 232.3	\$ 188.4	\$ 158.9	\$ 102.1	\$ 80.3
EBIT Margin	51.2%	26.6%	50.4%	52.3%	42.1%	44.8%	49.2%	29.3%	49.2%	50.0%	51.0%	46.5%	33.3%	28.5%
(l) Working Profit Sharing	\$ 476.3	\$ (10.6)	\$ (21.3)	\$ (21.1)	\$ (23.9)	\$ (19.7)	\$ (22.8)	\$ (24.1)	\$ (25.3)	\$ (22.2)	\$ (18.8)	\$ (15.9)	\$ (10.2)	\$ (8.0)
(m) Adjusted EBIT	\$ 146.5	\$ 95.8	\$ 190.6	\$ 199.8	\$ 164.7	\$ 177.1	\$ 205.3	\$ 216.5	\$ 206.5	\$ 210.1	\$ 169.6	\$ 143.1	\$ 91.9	\$ 72.3
Adjusted EBIT Margin	38.5%	24.6%	50.4%	52.3%	36.5%	40.3%	43.1%	45.0%	43.6%	44.9%	46.2%	41.9%	32.8%	25.6%
(n) Income Taxes	\$ 46.9	\$ 50.7	\$ 61.0	\$ 60.7	\$ 60.1	\$ 56.7	\$ 63.7	\$ 69.3	\$ 66.7	\$ 64.0	\$ 54.5	\$ 45.8	\$ 29.4	\$ 23.1
(o) Debt-Free Net Income	\$ 99.6	\$ 65.2	\$ 129.6	\$ 139.1	\$ 127.6	\$ 130.4	\$ 139.6	\$ 147.2	\$ 144.8	\$ 136.1	\$ 115.3	\$ 97.3	\$ 61.5	\$ 49.1
(p) Plus Dividends	295.3	301.1	231.0	224.4	259.7	242.7	242.9	200.5	201.5	185.8	181.2	183.0	182.8	171.7
(q) Less Working Capital Investment	(71.1)	(6.7)	2.5	(24.5)	(34.9)	(18.7)	(2.8)	(9.2)	9.9	(2.4)	10.5	10.5	(6.2)	9.6
(r) Less Capital Expenditures	187.8	145.7	173.6	166.3	177.6	218.6	184.7	157.2	153.2	194.6	189.4	172.6	124.4	129.3
(s) Free Cash Flow	\$ 214.2	\$ 227.3	\$ 184.7	\$ 221.7	\$ 224.6	\$ 181.2	\$ 235.7	\$ 199.5	\$ 180.3	\$ 129.6	\$ 109.3	\$ 97.3	\$ 129.1	\$ 82.0
(t) PV Adjustment	12.6945	13.6945	14.6945	15.6945	16.6945	17.6945	18.6945	19.6945	20.6945	21.6945	22.6945	23.6945	24.6945	25.6945
(u) PV Factor	0.4496	0.4221	0.3964	0.3722	0.3495	0.3281	0.3081	0.2895	0.2717	0.2551	0.2395	0.2249	0.2112	0.1985
(v) Present Value of Discounted Free Cash Flow	\$ 96.3	\$ 95.9	\$ 73.3	\$ 82.5	\$ 78.5	\$ 53.5	\$ 71.6	\$ 57.7	\$ 49.0	\$ 31.1	\$ 26.3	\$ 21.9	\$ 27.3	\$ 16.3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Projected Year Ending December 31,															
a) Total Copper Production	311.6	265.2	264.5	264.5	264.5	256.2	252.9	257.0	242.0	233.9	248.9	248.9	248.9	240.3	249.5
b) Net Sales	\$ 686.0	\$ 506.7	\$ 506.6	\$ 520.5	\$ 505.6	\$ 495.4	\$ 496.9	\$ 494.9	\$ 513.5	\$ 525.0	\$ 522.5	\$ 522.5	\$ 522.5	\$ 517.4	\$ 516.9
c) Production Costs	\$ 395.8	\$ 205.0	\$ 197.9	\$ 229.5	\$ 241.0	\$ 254.6	\$ 254.3	\$ 254.3	\$ 246.1	\$ 251.0	\$ 251.0	\$ 251.0	\$ 251.0	\$ 255.0	\$ 234.7
d) Selling Expenses	\$ 46.6	\$ 45.8	\$ 44.0	\$ 44.5	\$ 44.5	\$ 44.6	\$ 44.5	\$ 44.5	\$ 40.7	\$ 43.1	\$ 43.1	\$ 43.1	\$ 43.1	\$ 43.5	\$ 43.3
e) General & Administrative Cost	\$ 21.7	\$ 21.7	\$ 21.7	\$ 21.7	\$ 21.7	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0
f) Exploration	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
g) EBITDA	\$ 220.8	\$ 213.2	\$ 241.0	\$ 223.8	\$ 195.4	\$ 177.2	\$ 177.1	\$ 177.1	\$ 207.6	\$ 306.5	\$ 289.4	\$ 289.4	\$ 289.4	\$ 219.9	\$ 219.8
EBITDA Margin	32.2%	46.0%	47.6%	42.6%	38.8%	35.6%	35.5%	35.5%	40.4%	40.1%	40.1%	40.1%	40.1%	42.3%	42.3%
h) EBITDA Adjustment for 9-month Period <sup>(6)</sup>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
i) Adjusted EBITDA	\$ 220.8	\$ 213.2	\$ 241.0	\$ 223.8	\$ 195.4	\$ 177.2	\$ 177.1	\$ 177.1	\$ 207.6	\$ 306.5	\$ 289.4	\$ 289.4	\$ 289.4	\$ 219.9	\$ 219.8
j) Depreciation & Depletion	165.5	156.7	148.5	140.7	133.2	121.7	112.5	105.1	101.4	100.2	99.1	97.7	95.9	95.7	96.5
k) EBIT	\$ 57.2	\$ 76.5	\$ 92.5	\$ 83.1	\$ 62.2	\$ 55.5	\$ 64.8	\$ 72.1	\$ 106.3	\$ 109.2	\$ 110.3	\$ 111.7	\$ 115.5	\$ 136.1	\$ 123.0
EBIT Margin	8.2%	21.9%	24.6%	26.3%	22.3%	21.2%	23.2%	24.6%	24.6%	22.7%	22.7%	22.4%	22.7%	24.4%	23.6%
l) Working Profit: Surplus	\$ (5.7)	\$ (7.6)	\$ (9.2)	\$ (8.3)	\$ (6.2)	\$ (5.6)	\$ (6.5)	\$ (7.2)	\$ (10.6)	\$ (10.9)	\$ (11.0)	\$ (11.2)	\$ (11.6)	\$ (12.6)	\$ (12.3)
m) Adjusted EBIT	\$ 51.5	\$ 68.8	\$ 81.0	\$ 74.8	\$ 56.0	\$ 50.0	\$ 58.3	\$ 64.9	\$ 95.6	\$ 98.3	\$ 99.1	\$ 100.5	\$ 104.0	\$ 113.5	\$ 110.7
Adjusted EBIT Margin	7.3%	23.6%	24.4%	24.4%	21.4%	20.7%	21.8%	23.1%	28.6%	28.8%	29.0%	29.2%	29.9%	27.6%	27.4%
n) Income Taxes	\$ 16.5	\$ 22.0	\$ 26.6	\$ 23.9	\$ 17.9	\$ 16.0	\$ 18.7	\$ 20.8	\$ 30.6	\$ 31.5	\$ 31.8	\$ 32.2	\$ 33.5	\$ 36.3	\$ 35.4
o) Debt-Free Net Income	\$ 35.0	\$ 46.8	\$ 54.4	\$ 50.9	\$ 38.1	\$ 34.0	\$ 39.7	\$ 44.1	\$ 65.0	\$ 66.9	\$ 67.5	\$ 68.4	\$ 70.7	\$ 77.2	\$ 75.3
p) Plus: Depreciation	\$ 165.5	\$ 156.7	\$ 148.5	\$ 140.7	\$ 133.2	\$ 121.7	\$ 112.5	\$ 105.1	\$ 101.4	\$ 100.2	\$ 99.1	\$ 97.7	\$ 95.9	\$ 95.7	\$ 96.5
Less: Working Capital Investment	\$ (15.0)	\$ (67.7)	\$ (2.6)	\$ 5.2	\$ 1.7	\$ 3.7	\$ (0.7)	\$ (0.7)	\$ (24.0)	\$ 12.6	\$ (0.7)	\$ (10.0)	\$ (10.0)	\$ (2.0)	\$ (0.7)
Less: Capital Expenditures	\$ 116.4	\$ 111.7	\$ 121.8	\$ 97.4	\$ 94.1	\$ 76.6	\$ 71.1	\$ 82.3	\$ 66.8	\$ 64.9	\$ 71.4	\$ 63.7	\$ 65.9	\$ 66.1	\$ 66.2
q) Free Cash Flow	\$ 97.1	\$ 159.5	\$ 98.0	\$ 89.9	\$ 75.4	\$ 75.4	\$ 81.6	\$ 66.9	\$ 123.6	\$ 89.6	\$ 95.9	\$ 102.4	\$ 100.6	\$ 66.9	\$ 76.5
r) PV Adjustment	\$ 26.6945	\$ 27.6945	\$ 28.6945	\$ 29.6945	\$ 30.6945	\$ 31.6945	\$ 32.6945	\$ 33.6945	\$ 34.6945	\$ 35.6945	\$ 36.6945	\$ 37.6945	\$ 38.6945	\$ 39.6945	\$ 40.6945
s) PV Factor	\$ 0.1862	\$ 0.1748	\$ 0.1641	\$ 0.1541	\$ 0.1447	\$ 0.1359	\$ 0.1276	\$ 0.1198	\$ 0.1125	\$ 0.1056	\$ 0.0992	\$ 0.0931	\$ 0.0874	\$ 0.0821	\$ 0.0771
t) Present Value of Discrete Free Cash Flow	\$ 18.1	\$ 27.9	\$ 14.1	\$ 13.7	\$ 10.9	\$ 10.2	\$ 10.4	\$ 8.0	\$ 13.9	\$ 9.5	\$ 9.5	\$ 9.5	\$ 8.8	\$ 7.1	\$ 5.9



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
a) Total Copper Production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b) Net Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
c) Production Costs	(7.0)	(7.0)	(7.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
d) Selling Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) General & Administrative Cost															
f) Exploration															
g) FRIITDA	7.0	7.0	7.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EBITDA Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
h) EBITDA Adjustment for 9 month Period <sup>(6)</sup>															
i) Adjusted EBITDA	7.0	7.0	7.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
j) Depreciation & Depletion	25.0	10.7	10.5	8.4	7.1	5.8	4.6	3.5	-	-	-	-	-	-	-
k) EBIT	(18.0)	(3.7)	(3.5)	(8.3)	(7.0)	(5.7)	(4.4)	(3.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
l) Working Profit: Surplus	1.8	0.4	0.4	0.8	0.7	0.6	0.4	0.3	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
m) Adjusted EBIT	(16.2)	(3.3)	(3.2)	(7.5)	(6.3)	(5.2)	(4.0)	(2.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBIT Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
n) Income Taxes	(5.2)	(1.1)	(1.0)	(2.4)	(2.0)	(1.6)	(1.3)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o) Debt-Prec Net Income	(11.0)	(2.3)	(3.1)	(5.1)	(4.3)	(3.5)	(2.7)	(1.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
p) Plus Depreciation	25.0	10.7	10.5	8.4	7.1	5.8	4.6	3.5	-	-	-	-	-	-	-
q) Less: Working Capital Investment	0.7	-	-	2.1	-	-	-	0.0	-	-	-	-	-	-	-
r) Less: Capital Expenditures	24.0	24.0	24.0	2.1	2.1	2.1	2.1	2.1	-	-	-	-	-	-	-
s) Free Cash Flow	(10.8)	(15.6)	(15.6)	(0.9)	0.7	0.2	(0.2)	(0.5)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
t) PV Adjustment	56.6945	56.6945	56.6945	59.6945	60.6945	61.6945	62.6945	63.6945	64.6945	65.6945	66.6945	67.6945	68.6945	69.6945	70.6945
u) PV Factor	0.0281	0.0284	0.0288	0.0293	0.0299	0.0305	0.0311	0.0317	0.0323	0.0329	0.0335	0.0341	0.0347	0.0353	0.0359
v) Present Value of Discrete Free Cash Flow	(0.3)	(0.4)	(0.4)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0

Southern Peru Copper Corporation VALUATION OF MINERA MEXICO INCOME APPROACH AS OF OCTOBER 31, 2004 DISCOUNTED CASH FLOW ANALYSIS (In \$US millions)										Exhibit 1
	2076	2077	2078	2079	2080	2081	2082	2083		
Projected Year Ending December 31,										
(a) Total Copper Production										
(b) Net Sales	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
(c) Production Costs										
(d) Selling Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(e) General & Administrative Cost										
(f) Exploration										
(g) EBITDA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
EBITDA Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
(h) EBITDA Adjustment for 9-month Period <sup>(b)</sup>										
(i) Adjusted EBITDA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
(j) Depreciation & Depletion										
(k) EBIT	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
EBIT Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
(l) Working Profit Starting	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	
(m) Adjusted EBIT	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
Adjusted EBIT Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
(n) Income Taxes	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
(o) Debt-Free Net Income	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
(p) Plus Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(q) Less Working Capital Investment										
(r) Less Capital Expenditures										
(s) Free Cash Flow	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
(t) PV Adjustment	71,694.5	72,694.5	75,694.5	74,694.5	75,694.5	76,694.5	77,694.5	78,694.5	78,694.5	
(u) PV Factor	0.0109	0.0105	0.0096	0.0091	0.0085	0.0080	0.0075	0.0070	0.0070	
(v) Present Value of Discounted Free Cash Flow	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	

## CAPITAL ASSET PRICING MODEL

Source:

Valuation Date	21-Oct-2004	
Stock Price Date	21-Oct-2004	
Risk-free Rate	$R_f =$	4.8% 20-Year Government Bond, Federal Reserve Statistical Release, October 21, 2004
Pretax Required Rate on Debt Capital	$i =$	7.3% BB 30-Year US Industrial Yield as of October 21, 2004
Equity Risk Premium	$R_p =$	4.0% <i>Cost of Capital</i> , pg. 319 -- Equity risk premium on a world diversified portfolio
Country Risk Premium	$CR_p =$	1.8% 2004 Damodaran Country Risk Premium
Long-term Inflation Rate		2.5% Survey of Professional Forecasters, Federal Reserve Bank of Philadelphia, dated August 20, 2004
Tax Rate		32.5% Grupo Mexico's 2003 Annual Report, pg. 40. Average of 2004 and 2005 Mexican income tax rates.

	Total Gross Debt (D) (1)	Market Value of Equity (E)	=	Total Capital (D + E) (2)
Antofagasta plc	\$ 749,100.0	\$ 3,769,058.0		\$ 4,518,158.0
Grupo Mexico SA de CV	2,723,680.0	3,483,942.0		6,207,622.0
Phelps Dodge Corp.	1,640,400.0	8,099,008.0		9,739,408.0
Southern Copper Corp.	294,043.0	3,674,364.0		3,968,407.0

	Debt Rating	Beta (Predicted)	D/E	D/Total Capital	Effective Income Tax Rate (t)	Unlevered Beta (3)
Antofagasta plc	NA	0.64	19.9%	16.6%	17.8%	0.55
Grupo Mexico SA de CV	B-	0.91	78.2%	43.9%	33.0%	0.60
Phelps Dodge Corp.	BBB-	1.42	20.3%	16.8%	29.8%	1.24
Southern Copper Corp.	B-	0.61	8.0%	7.4%	36.4%	0.58
Industry Average	BB	0.90		21.2%		0.74

Unlevered Beta	0.74	Unlevered Beta = Beta (Projected) / [1 + D/E (1 - t)]
Industry D/E (3)	26.9%	Relevered Beta = Unlevered Beta * [1 + D/E (1 - t)]
Effective Income Tax Rate	32.5%	
Relevered Beta (B)	0.87	

	<u>Required Return</u>		<u>Weighting</u>	=	<u>WACC</u>
Required Return on Debt Capital [ $i \cdot (1 - t)$ ] =	5.0%	x	21.2%	=	1.1%
Required Return on Equity Capital [ $R_f + \beta (R_p) + C_{rp}$ ] =	10.1%	x	78.8%	=	<u>8.0%</u>
					9.1%
	<b>Rounded (Nominal)</b>				<u><b>9.0%</b></u>
	Long-term Inflation Rate				<u>2.5%</u>
	<b>Rounded (Real)</b>				<u><b>6.5%</b></u>

(1) Total Gross Debt includes preferred stock; gross debt indicates cash has not been subtracted.  
(2) Total Capital excludes minority interest.  
(3) Industry Debt/Equity is based on the average Debt/Capital ratio (i.e.,  $D/C / (1 - D/C)$ ) and is not an average of the observed Debt / Equity ratio of the Comparable Companies.

**SOUTHERN PERU COPPER CORP.****VALUATION OF MINERA MEXICO****MARKET APPROACH**

AS OF OCTOBER 21, 2004

**MINERA MEXICO GUIDELINE PUBLICLY TRADED COMPANY METHOD**

(In \$US millions)

<b>MINERA MEXICO</b>		<b>(In \$USD millions)</b>			
		<b>CY 2004E</b>		<b>CY 2005E</b>	
		<b>EBITDA</b>	<b>EBIT</b>	<b>EBITDA</b>	<b>EBIT</b>
<b>Operating Metric</b>	\$	623.1 <sup>1</sup>	518.4 <sup>1</sup>	642.8 <sup>2</sup>	484.6 <sup>2</sup>
<b>Selected Multiple</b>		4.55x	5.23x	4.95x	5.84x
<b>Implied Enterprise Value</b>	\$	<b>2,833.8</b>	<b>\$ 2,710.6</b>	<b>\$ 3,179.2</b>	<b>\$ 2,829.5</b>
					<b>\$ 2,831.7</b>

**Notes:**

<sup>1</sup> Figures represent Minera Mexico's DCF values using analyst consensus estimate prices for base metals and adjusted for workers profit sharing.

<sup>2</sup> Figures represent Minera Mexico's DCF values using market prices for base metals where liquid markets exist, analyst consensus estimates for all other base metal prices and adjusted for workers profit sharing.



<b>SOUTHERN PERU COPPER CORP.</b>	<b>Exhibit 4</b>
VALUATION OF MINERA MEXICO	
MARKET APPROACH	
AS OF OCTOBER 21, 2004	
MINERA MEXICO GUIDELINE PUBLICLY TRADED COMPANY METHOD	
(In \$US millions)	

MINERA MEXICO GUIDELINE PUBLICLY TRADED COMPANY MULTIPLES							
Company	Equity Value	Enterprise Value	Enterprise Value/				
			CY 2004E <sup>1</sup>		CY 2005E <sup>1</sup>		
			EBITDA	EBIT	EBITDA	EBIT	
Antofagasta plc	\$ 3,769.1	\$ 4,486.8	4.39x	5.09x	5.45x	6.45x	
Grupo Mexico SA de CV <sup>2</sup>	3,483.9	7,327.3	4.26x	5.25x	4.72x	5.91x	
Phelps Dodge Corp.	8,099.0	9,367.7	4.80x	6.17x	4.27x	5.23x	
Southern Copper Corp.	3,674.4	3,645.5	4.70x	5.21x	5.17x	5.76x	
Mean			4.54x	5.43x	4.90x	5.84x	
Median			4.55x	5.23x	4.95x	5.84x	
Selected			4.55x	5.23x	4.95x	5.84x	
Notes:							
(1) Analyst Estimates for the Calendar Year 2004 made on or before October 21, 2004.							
(2) Grupo Mexico 's Enterprise Value includes minority interest of Southern Copper Corp. on a fair value basis assuming a 54.2 percent ownership stake and minority interest of Ferromex on a book value basis assuming a 74.0 percent ownership stake.							

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
a) Total Copper Production (in Ktpy)	329.1	331.0	339.6	395.6	406.0	430.6	437.6	473.6	411.1	396.6	377.8	385.5
b) Net Sales	\$ 1,529.1	\$ 1,364.8	\$ 1,496.1	\$ 1,349.9	\$ 1,271.7	\$ 1,322.6	\$ 1,337.2	\$ 1,401.2	\$ 1,291.6	\$ 1,166.3	\$ 1,216.4	\$ 1,191.6
c) Production Costs	\$ 499.9	\$ 317.2	\$ 370.6	\$ 354.9	\$ 349.7	\$ 354.5	\$ 349.4	\$ 344.0	\$ 340.0	\$ 324.9	\$ 327.9	\$ 328.6
d) Selling Expenses	\$ 6.3	\$ 8.8	\$ 6.3	\$ 6.6	\$ 6.0	\$ 6.1	\$ 6.4	\$ 6.5	\$ 6.5	\$ 6.4	\$ 6.5	\$ 6.7
e) General & Administrative Cost	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 32.5	\$ 31.2	\$ 31.2	\$ 31.2
f) Exploration	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2
g) EBITDA	\$ 965.2	\$ 751.1	\$ 824.4	\$ 595.7	\$ 622.2	\$ 670.6	\$ 689.7	\$ 761.0	\$ 653.4	\$ 639.5	\$ 576.6	\$ 559.9
h) EBITDA Margin	61.9%	55.6%	55.3%	47.3%	48.9%	50.6%	51.6%	54.2%	50.5%	50.3%	47.6%	46.9%
i) Depreciation & Depletion	\$ 158.2	\$ 187.2	\$ 201.5	\$ 210.1	\$ 211.8	\$ 238.6	\$ 250.4	\$ 259.6	\$ 269.1	\$ 275.2	\$ 281.9	\$ 287.1
j) EBIT	\$ 807.0	\$ 563.9	\$ 622.9	\$ 385.7	\$ 410.4	\$ 432.0	\$ 439.3	\$ 501.4	\$ 384.3	\$ 364.3	\$ 294.8	\$ 271.8
k) EBIT Margin	51.9%	41.4%	47.7%	30.2%	31.7%	31.6%	31.9%	34.7%	29.7%	28.7%	24.7%	23.1%
l) Working Capital Start/End	\$ (80.7)	\$ (56.4)	\$ (62.4)	\$ (43.6)	\$ (40.0)	\$ (42.3)	\$ (43.9)	\$ (50.1)	\$ (38.2)	\$ (46.4)	\$ (29.5)	\$ (27.2)
m) Adjusted EBIT	\$ 716.3	\$ 507.5	\$ 560.5	\$ 342.1	\$ 369.4	\$ 389.8	\$ 395.4	\$ 451.3	\$ 346.1	\$ 317.9	\$ 265.3	\$ 244.6
n) Adjusted EBIT Margin	46.6%	37.3%	37.6%	27.8%	28.5%	29.3%	29.6%	32.4%	26.7%	25.3%	21.8%	20.0%
o) Income Taxes <sup>(1)</sup>	\$ 217.9	\$ 147.2	\$ 157.2	\$ 97.2	\$ 104.9	\$ 108.9	\$ 110.7	\$ 126.4	\$ 96.6	\$ 91.8	\$ 74.3	\$ 68.7
p) Total Free Cash Flow	\$ 508.4	\$ 360.3	\$ 403.3	\$ 244.9	\$ 264.5	\$ 279.9	\$ 284.7	\$ 324.9	\$ 249.5	\$ 226.1	\$ 191.0	\$ 176.8
q) Plus: Depreciation	\$ 158.2	\$ 187.2	\$ 201.5	\$ 210.1	\$ 211.8	\$ 238.6	\$ 250.4	\$ 259.6	\$ 269.1	\$ 275.2	\$ 281.9	\$ 287.1
r) Less: Working Capital Investment	\$ 35.5	\$ (10.7)	\$ 35.7	\$ (29.3)	\$ 82.2	\$ 10.5	\$ 0.1	\$ 11.8	\$ (22.7)	\$ 3.8	\$ 5.3	\$ 8.1
s) Less: Capital Expenditures	\$ 495.3	\$ 304.9	\$ 153.7	\$ 206.0	\$ 217.7	\$ 177.3	\$ 157.0	\$ 182.2	\$ 151.7	\$ 207.7	\$ 207.7	\$ 233.3
t) Free Cash Flow	\$ 115.9	\$ 262.3	\$ 415.3	\$ 383.3	\$ 161.4	\$ 300.8	\$ 378.0	\$ 390.4	\$ 300.3	\$ 305.7	\$ 259.8	\$ 222.4
u) Quarterly Period Period Adjustment <sup>(2)</sup>	\$ 0.7507	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000
v) PV Factor	\$ 0.9732	\$ 1.2507	\$ 2.2507	\$ 3.2507	\$ 4.2507	\$ 5.2507	\$ 6.2507	\$ 7.2507	\$ 8.2507	\$ 9.2507	\$ 10.2507	\$ 11.2507
w) Present Value of Discounted Free Cash Flow	\$ 99.3	\$ 239.6	\$ 382.9	\$ 223.9	\$ 118.7	\$ 226.3	\$ 240.5	\$ 231.1	\$ 213.8	\$ 156.6	\$ 123.8	\$ 98.6
x) Total Enterprise Value	\$ 3,164.6											

Notes:  
(1) Tax rate for 2005 is 30.0%, 2006 is 29%, and 2007 and thereafter is 28% (Grupo Mexico's 2004 Annual Report, pg. 41).  
(2) Adjustment to capture Q1 2005 projected results.  
a) MM Model - (GS-SPCC 05-436.xls, tab "Merits") (Years and formulas extended through projection period).  
b) Summation of product revenues and other consolidated revenue minus metal purchases (MM Model - GS SPCC 05-436.xls, tabs "Revenue" and "Price"). Product prices are calculated using projected metal prices as researched by Duff & Phelps.  
c) MM Model - GS-SPCC 05-436.xls, tab "Cost."  
d) MM Model - GS-SPCC 05-436.xls, tab "Cost."  
e) MM Model - GS-SPCC 05-436.xls, tab "Financial."  
f) MM Model - GS-SPCC 05-436.xls, tab "Financial."  
g) Net Sales - Production Costs - Selling Expenses - General & Administrative Costs - Exploration  
h) EBITDA - EBIT.  
i) EBIT x 10.0%.  
j) EBIT - Working Capital Start/End.  
k) Adjusted EBIT x 30.0% for 2005, 29.0% for 2006, and 28.0% thereafter.  
l) Adjusted EBIT - Income Taxes.  
m) Equal to Depreciation & Depletion.  
n) MM Model - GS-SPCC 05-436.xls, tab "Calculations." Current assets and current liabilities are calculated using projected revenues and costs shown on this exhibit.  
o) MM Model - GS-SPCC 05-436.xls, tab "WC." (Assumes stripping costs are capitalized).  
p) Debt-Free Net Income + Depreciation - Working Capital Investment - Capital Expenditures.  
q) Fraction of the year represented by the period of 4/1/2005 through 12/31/2005.  
r) Fraction of the year represented by the period of 4/1/2005 through 12/31/2005, divided by a factor of 2 (Assumes Mid-Period discounting).  
s)  $1 / (1 + \text{Discount Rate})^t$  x PV Factor.  
t) Free Cash Flow x PV Factor.  
u) Summation of the Present Value of Discounted Cash Flows.

**Southern Peru Copper Corporation**  
**VALUATION OF MINERAMEXICO**  
**INCOME APPROACH**  
**AS OF APRIL 30, 2016**  
**DISCOUNTED CASH FLOW ANALYSIS**  
**(in \$US millions)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(a) Total Copper Production	372.5	359.6	373.1	375.8	361.7	366.9	354.9	366.5	367.5	368.3	348.1	337.3	324.9	320.8
(b) Net Sales	\$ 1,123.8	\$ 1,084.8	\$ 1,095.6	\$ 1,048.0	\$ 1,028.1	\$ 969.1	\$ 1,006.4	\$ 966.8	\$ 941.7	\$ 916.0	\$ 878.0	\$ 849.0	\$ 795.5	\$ 761.5
(c) Production Costs	\$ 504.5	\$ 499.3	\$ 499.1	\$ 455.1	\$ 433.3	\$ 404.4	\$ 402.5	\$ 396.7	\$ 399.9	\$ 401.7	\$ 391.4	\$ 391.9	\$ 402.3	\$ 401.4
(d) Selling Expenses	67.4	63.7	63.5	61.5	54.5	48.6	49.5	50.4	50.4	51.3	51.9	52.0	46.6	48.9
(e) General & Administrative Costs	28.5	28.5	28.5	25.7	25.7	24.1	24.4	24.4	24.4	23.0	23.0	23.0	21.7	21.7
(f) Exploration	4.4	3.5	3.5	2.7	2.7	1.9	1.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1
(g) EBITDA	\$ 517.7	\$ 463.9	\$ 501.1	\$ 503.0	\$ 507.8	\$ 492.0	\$ 528.7	\$ 495.2	\$ 486.0	\$ 453.6	\$ 411.6	\$ 381.0	\$ 323.9	\$ 288.4
EBITDA Margin	46.1%	43.0%	45.7%	46.0%	49.3%	50.2%	52.3%	51.3%	50.5%	45.7%	46.8%	44.9%	40.7%	37.9%
(i) Depreciation & Depletion	295.3	301.1	271.0	234.4	238.7	242.7	247.9	240.3	241.5	185.8	181.2	183.0	182.8	171.7
(k) EBIT	\$ 222.4	\$ 162.8	\$ 230.0	\$ 268.6	\$ 269.1	\$ 249.4	\$ 280.8	\$ 254.9	\$ 244.5	\$ 267.8	\$ 230.4	\$ 198.1	\$ 141.1	\$ 116.7
EBIT Margin	19.8%	15.4%	24.6%	25.4%	26.1%	25.7%	27.9%	26.3%	26.0%	29.4%	26.2%	24.6%	17.7%	13.5%
(l) Working Profit Sharing	\$ (22.2)	\$ (16.3)	\$ (27.0)	\$ (26.0)	\$ (26.3)	\$ (24.9)	\$ (25.1)	\$ (29.5)	\$ (28.4)	\$ (26.5)	\$ (23.0)	\$ (19.8)	\$ (14.1)	\$ (11.2)
(m) Adjusted EBIT	\$ 200.2	\$ 146.5	\$ 203.0	\$ 241.7	\$ 241.3	\$ 224.4	\$ 255.7	\$ 225.4	\$ 216.0	\$ 241.0	\$ 207.4	\$ 178.3	\$ 127.0	\$ 105.5
Adjusted EBIT Margin	17.8%	13.6%	24.2%	25.1%	23.4%	23.2%	25.3%	23.3%	23.6%	25.9%	23.6%	21.6%	16.0%	13.6%
(n) Income Taxes	\$ 56.1	\$ 41.0	\$ 68.0	\$ 67.7	\$ 67.6	\$ 62.8	\$ 70.8	\$ 74.3	\$ 71.7	\$ 67.5	\$ 58.1	\$ 49.9	\$ 35.6	\$ 29.4
(o) Debt-Free Net Income	\$ 144.1	\$ 105.5	\$ 135.0	\$ 174.0	\$ 173.7	\$ 161.6	\$ 184.9	\$ 151.1	\$ 144.3	\$ 173.5	\$ 149.3	\$ 128.4	\$ 91.4	\$ 75.6
(p) Plus Depreciation	\$ 295.3	\$ 301.1	\$ 271.0	\$ 234.4	\$ 238.7	\$ 242.7	\$ 247.9	\$ 240.3	\$ 241.5	\$ 185.8	\$ 181.2	\$ 183.0	\$ 182.8	\$ 171.7
(q) Less Working Capital Investment	(6.8)	(6.3)	2.5	(25.5)	(36.3)	(19.1)	(3.6)	(9.0)	10.4	(2.8)	(2.1)	10.9	(6.8)	10.4
(r) Less Capital Expenditures	187.8	145.7	173.6	166.5	177.6	215.6	154.7	157.2	153.2	194.6	189.4	172.6	124.4	129.3
(s) Free Cash Flow	\$ 258.4	\$ 267.8	\$ 229.9	\$ 267.4	\$ 272.6	\$ 204.8	\$ 278.8	\$ 243.2	\$ 222.2	\$ 167.5	\$ 143.2	\$ 127.8	\$ 158.6	\$ 107.6
Quarterly Partial Period Adjustment <sup>(2)</sup>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
(t) PV Adjustment	11,2507	13,2907	14,2507	15,2507	16,2507	17,2507	18,2507	19,2507	20,2507	21,2507	22,2507	23,2507	24,2507	25,2507
(u) PV Factor	0.1123	0.3835	0.3568	0.3319	0.3087	0.2872	0.2672	0.2485	0.2312	0.2151	0.2001	0.1861	0.1731	0.1610
(v) Present Value of Discounted Free Cash Flow	\$ 106.5	\$ 102.7	\$ 82.0	\$ 88.8	\$ 84.2	\$ 98.8	\$ 74.5	\$ 60.4	\$ 51.4	\$ 36.0	\$ 28.6	\$ 23.8	\$ 27.5	\$ 17.3

	2003	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
a) Total Copper Production	311.6	265.2	264.5	264.5	266.3	252.9	252.0	252.0	233.9	219.7	208.9	204.2	204.3	204.4	204.5
b) Net Sales	\$ 723.1	\$ 536.2	\$ 536.0	\$ 530.8	\$ 533.2	\$ 524.6	\$ 524.1	\$ 524.1	\$ 544.7	\$ 554.0	\$ 554.0	\$ 554.0	\$ 548.5	\$ 548.5	\$ 547.9
c) Production Costs	\$ 395.8	\$ 205.0	\$ 197.9	\$ 229.3	\$ 241.0	\$ 254.6	\$ 254.3	\$ 254.3	\$ 246.1	\$ 251.0	\$ 251.0	\$ 251.0	\$ 251.0	\$ 251.0	\$ 251.0
d) Selling Expenses	46.6	48.8	48.0	44.5	44.5	44.5	44.5	44.5	46.7	43.2	43.1	43.1	43.1	43.1	43.3
e) General & Administrative Cost	21.7	21.7	21.7	21.7	21.7	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
f) Exploration	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
g) EBITDA	\$ 256.8	\$ 262.7	\$ 278.4	\$ 251.4	\$ 225.0	\$ 206.4	\$ 206.3	\$ 206.3	\$ 238.9	\$ 241.0	\$ 240.9	\$ 240.9	\$ 240.9	\$ 250.9	\$ 250.8
EBITDA Margin	35.6%	49.2%	56.4%	46.2%	42.2%	39.3%	39.4%	39.4%	43.6%	43.5%	43.5%	43.5%	43.5%	43.5%	43.8%
h) Depreciation & Depletion	163.5	156.7	148.8	140.9	133.2	121.7	112.3	105.1	101.4	99.1	97.7	97.7	97.7	97.7	98.8
i) EBIT	\$ 93.3	\$ 105.9	\$ 129.6	\$ 110.5	\$ 91.8	\$ 84.8	\$ 94.0	\$ 101.3	\$ 137.6	\$ 140.9	\$ 141.8	\$ 143.3	\$ 143.3	\$ 157.2	\$ 154.1
EBIT Margin	17.5%	19.9%	24.7%	20.6%	17.2%	16.2%	17.5%	19.8%	23.8%	23.4%	22.6%	23.9%	23.9%	27.7%	28.7%
j) Working Profit Sharing	\$ (9.3)	\$ (10.6)	\$ (12.2)	\$ (11.4)	\$ (9.2)	\$ (8.3)	\$ (8.4)	\$ (10.1)	\$ (13.8)	\$ (14.1)	\$ (14.2)	\$ (14.2)	\$ (14.2)	\$ (15.7)	\$ (15.4)
k) Adjusted EBIT	\$ 84.0	\$ 95.4	\$ 108.5	\$ 102.3	\$ 82.7	\$ 76.3	\$ 84.6	\$ 91.1	\$ 123.8	\$ 126.7	\$ 127.6	\$ 128.9	\$ 128.9	\$ 132.3	\$ 138.7
Adjusted EBIT Margin	27.0%	27.2%	29.4%	26.8%	23.5%	24.5%	26.3%	27.2%	27.3%	27.2%	27.0%	27.0%	27.0%	27.0%	27.3%
l) Income Taxes	\$ 23.5	\$ 26.7	\$ 36.7	\$ 28.6	\$ 23.1	\$ 21.4	\$ 23.7	\$ 25.5	\$ 34.7	\$ 35.5	\$ 35.7	\$ 36.1	\$ 37.1	\$ 39.6	\$ 38.8
m) Debt-Free Net Income	\$ 60.5	\$ 68.7	\$ 71.8	\$ 73.6	\$ 59.5	\$ 54.9	\$ 60.9	\$ 65.6	\$ 89.1	\$ 91.2	\$ 91.9	\$ 92.8	\$ 92.8	\$ 101.9	\$ 99.8
n) Plus Depreciation	\$ 163.5	\$ 156.7	\$ 148.8	\$ 140.9	\$ 133.2	\$ 121.7	\$ 112.3	\$ 105.1	\$ 101.4	\$ 99.1	\$ 97.7	\$ 97.7	\$ 97.7	\$ 97.7	\$ 98.8
o) Less Working Capital Investment	(15.7)	(67.6)	(21.7)	(4.9)	(1.6)	(2.7)	(0.7)	(0.0)	(22.7)	(13.5)	(0.7)	(0.0)	(0.0)	(1.8)	(0.7)
p) Less Capital Expenditure	116.4	111.7	121.8	97.4	94.1	78.6	71.1	82.3	66.8	64.9	61.4	61.7	61.9	66.1	66.2
q) Free Cash Flow	\$ 123.2	\$ 181.3	\$ 108.5	\$ 112.1	\$ 97.0	\$ 96.3	\$ 102.9	\$ 88.4	\$ 149.4	\$ 113.1	\$ 120.4	\$ 128.8	\$ 125.2	\$ 111.3	\$ 101.1
Quarterly Period Adjustment <sup>2</sup>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
r) PV Factor	26.2507	27.2507	28.2507	28.2507	30.2507	31.2507	32.2507	33.2507	34.2507	35.2507	36.2507	37.2507	38.2507	39.2507	40.2507
s) Present Value of Discrete Free Cash Flow	\$ 18.5	\$ 25.3	\$ 14.1	\$ 13.5	\$ 10.9	\$ 10.0	\$ 10.0	\$ 8.0	\$ 12.5	\$ 8.9	\$ 8.7	\$ 8.6	\$ 7.9	\$ 6.5	\$ 5.5

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
a. Total Copper Production	219.5	231.5	250.3	270.5	293.3	293.3	293.3	293.3	293.3	293.3	293.3	293.3	293.3	293.3	293.3
b. Net Sales	\$ 587.9	\$ 538.7	\$ 548.5	\$ 427.9	\$ 425.1	\$ 425.1	\$ 425.6	\$ 425.1	\$ 425.1	\$ 425.1	\$ 425.1	\$ 425.1	\$ 425.1	\$ 425.1	\$ 425.1
c. Production Costs	\$ 234.7	\$ 229.8	\$ 235.0	\$ 213.3	\$ 227.6	\$ 227.5	\$ 223.8	\$ 227.4	\$ 227.4	\$ 227.4	\$ 227.4	\$ 227.4	\$ 227.4	\$ 227.4	\$ 227.4
d. Selling Expenses	\$ 43.3	\$ 41.0	\$ 41.5	\$ 47.6	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4	\$ 51.4
e. General & Administrative Cost	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0
f. Exploration	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
g. EBITDA	\$ 250.9	\$ 248.9	\$ 251.0	\$ 147.5	\$ 127.1	\$ 127.1	\$ 127.3	\$ 127.2	\$ 127.2	\$ 127.2	\$ 127.2	\$ 127.2	\$ 127.2	\$ 127.2	\$ 127.2
h. EBITDA Margin	45.8%	46.3%	45.8%	34.5%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%
i. Depreciation & Depletion	\$ 100.8	\$ 102.2	\$ 104.5	\$ 105.7	\$ 104.8	\$ 97.5	\$ 93.4	\$ 89.5	\$ 83.5	\$ 81.9	\$ 80.4	\$ 78.9	\$ 77.5	\$ 76.1	\$ 74.3
j. EBIT	\$ 150.1	\$ 146.7	\$ 146.5	\$ 41.8	\$ 22.3	\$ 29.6	\$ 33.9	\$ 37.7	\$ 43.7	\$ 45.3	\$ 46.8	\$ 48.3	\$ 49.7	\$ 51.1	\$ 52.9
k. EBIT Margin	27.4%	26.9%	26.7%	7.6%	4.6%	5.4%	6.2%	6.9%	7.6%	8.3%	8.9%	9.6%	10.3%	11.0%	11.7%
l. Working Profit Sharing	\$ (15.0)	\$ (14.7)	\$ (14.7)	\$ (4.2)	\$ (2.5)	\$ (2.5)	\$ (3.4)	\$ (3.8)	\$ (3.8)	\$ (3.8)	\$ (3.8)	\$ (3.8)	\$ (3.8)	\$ (3.8)	\$ (3.8)
m. Adjusted EBIT	\$ 135.1	\$ 132.0	\$ 131.9	\$ 37.6	\$ 22.8	\$ 26.6	\$ 30.5	\$ 33.9	\$ 39.9	\$ 41.5	\$ 43.0	\$ 44.5	\$ 45.9	\$ 47.3	\$ 49.1
n. Adjusted EBIT Margin	24.7%	24.1%	24.1%	6.9%	4.2%	4.9%	5.6%	6.2%	6.9%	7.6%	8.3%	8.9%	9.6%	10.3%	11.0%
o. Income Taxes	\$ 37.8	\$ 37.0	\$ 36.9	\$ 10.5	\$ 6.4	\$ 7.5	\$ 8.5	\$ 9.5	\$ 10.5	\$ 10.5	\$ 10.5	\$ 10.5	\$ 10.5	\$ 10.5	\$ 10.5
p. Debt-Free Net Income	\$ 97.3	\$ 95.0	\$ 94.9	\$ 27.1	\$ 16.4	\$ 19.2	\$ 22.0	\$ 24.4	\$ 29.4	\$ 31.0	\$ 32.5	\$ 34.0	\$ 35.4	\$ 36.8	\$ 38.6
q. Plus Depreciation	\$ 100.8	\$ 102.2	\$ 104.5	\$ 105.7	\$ 104.8	\$ 97.5	\$ 93.4	\$ 89.5	\$ 83.5	\$ 81.9	\$ 80.4	\$ 78.9	\$ 77.5	\$ 76.1	\$ 74.3
r. Less Working Capital Investment	\$ (0.0)	\$ (12.8)	\$ 12.5	\$ 29.3	\$ 41.1	\$ (0.0)	\$ 0.7	\$ (0.7)	\$ (231.4)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.1)	\$ (0.3)
s. Less Capital Expenditure	\$ 92.2	\$ 96.5	\$ 92.8	\$ 60.8	\$ 61.9	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1	\$ 49.1
t. Free Cash Flow	\$ 105.8	\$ 113.6	\$ 93.2	\$ 42.7	\$ 15.1	\$ 67.3	\$ 65.6	\$ 72.8	\$ 223.3	\$ 31.6	\$ 23.2	\$ 19.2	\$ 10.3	\$ (0.2)	\$ (9.7)
Quarterly Period Adjustment <sup>2</sup>	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
u. PV Factor	41.2507	42.2507	43.2507	44.2507	45.2507	46.2507	47.2507	48.2507	49.2507	50.2507	51.2507	52.2507	53.2507	54.2507	55.2507
v. Present Value of Discrete Free Cash Flow	\$ 5.4	\$ 5.3	\$ 4.1	\$ 1.7	\$ 0.6	\$ 2.4	\$ 2.2	\$ 2.2	\$ 6.3	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)

	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075
a. Total Copper Production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
b. Net Sales	\$ 0.0	\$ 0.0	\$ 6.6	\$ 6.6	\$ 0.0	\$ 6.6	\$ 6.6	\$ 0.0	\$ 0.0	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6	\$ 0.0	\$ 6.6
c. Production Costs	\$ (7.0)	\$ (7.0)	\$ (7.0)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
d. Selling Expenses	0.0	0.0	6.6	6.6	0.0	6.6	6.6	0.0	0.0	-	-	-	-	-	-
e. General & Administrative Cost															
f. Exploration															
g. EBITDA	\$ 7.0	\$ 7.0	\$ 7.0	\$ 6.5	\$ 6.1	\$ 6.5	\$ 6.1	\$ 6.1	\$ 6.1	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6	\$ 6.6
h. EBITDA Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
i. Depreciation & Depletion	\$ 25.0	\$ 10.7	\$ 16.5	\$ 8.4	\$ 7.1	\$ 5.8	\$ 4.6	\$ 3.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
j. EBIT	\$ (17.9)	\$ (3.7)	\$ (3.5)	\$ (8.3)	\$ (7.0)	\$ (5.7)	\$ (4.4)	\$ (3.1)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)
k. EBIT Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
l. Working Profit Sharing	\$ 1.3	\$ 0.4	\$ 0.4	\$ 0.3	\$ 0.7	\$ 0.6	\$ 0.4	\$ 0.3	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)
m. Adjusted EBIT	\$ (16.2)	\$ (3.3)	\$ (3.2)	\$ (7.5)	\$ (6.3)	\$ (5.3)	\$ (4.0)	\$ (2.8)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)
n. Adjusted EBIT Margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
o. Income Taxes	\$ (4.5)	\$ (0.9)	\$ (6.9)	\$ (2.1)	\$ (1.8)	\$ (1.4)	\$ (1.1)	\$ (0.8)	\$ (6.6)	\$ (6.6)	\$ (6.6)	\$ (6.6)	\$ (6.6)	\$ (6.6)	\$ (6.6)
p. Debt-Free Net Income	\$ (11.6)	\$ (2.4)	\$ (2.3)	\$ (5.4)	\$ (4.5)	\$ (3.7)	\$ (2.9)	\$ (2.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)
q. Plus Depreciation	\$ 25.0	\$ 10.7	\$ 16.5	\$ 8.4	\$ 7.1	\$ 5.8	\$ 4.6	\$ 3.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
r. Less Working Capital Investment	\$ 0.7	\$ -	\$ -	\$ 2.1	\$ -	\$ -	\$ -	\$ -	\$ 0.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
s. Less Capital Expenditure	\$ 24.0	\$ 24.0	\$ 24.0	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
t. Free Cash Flow	\$ (11.4)	\$ (15.7)	\$ (15.8)	\$ (12.2)	\$ 0.5	\$ 0.0	\$ (8.4)	\$ (0.9)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)
Quarterly Period Adjustment <sup>2</sup>	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
u. PV Adjustment	\$ 6.2507	\$ 57.2507	\$ 58.2507	\$ 59.2507	\$ 60.2507	\$ 61.2507	\$ 62.2507	\$ 63.2507	\$ 64.2507	\$ 65.2507	\$ 66.2507	\$ 67.2507	\$ 68.2507	\$ 69.2507	\$ 70.2507
v. PV Factor	0.0171	0.0159	0.0148	0.0138	0.0128	0.0119	0.0111	0.0103	0.0096	0.0089	0.0083	0.0077	0.0072	0.0067	0.0062
w. Present Value of Discrete Free Cash Flow	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.0)	\$ 0.0	\$ 0.0	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)

Southern Peru Copper Corporation VALUATION OF MINERA MEXICO INCOME APPROACH AS OF APRIL 01, 2005 DISCOUNTED CASH FLOW ANALYSIS (in \$ U.S. millions)										Exhibit 5
	2076	2077	2078	2079	2080	2081	2082	2083		
<b>[a] Total Copper Production</b>										
[b] Net Sales	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
[c] Production Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
[d] Selling Expenses	-	-	-	-	-	-	-	-	-	-
[e] General & Administrative Costs	-	-	-	-	-	-	-	-	-	-
[f] Exploration	-	-	-	-	-	-	-	-	-	-
<b>[g] EBITDA</b>										
EBITDA Margin	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
<b>[h] Depreciation &amp; Depletion</b>										
	-	-	-	-	-	-	-	-	-	-
<b>[i] EBIT</b>										
EBIT Margin	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
<b>[j] Workers Profit Sharing</b>										
	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	(0.0)
<b>[m] Adjusted EBIT</b>										
Adjusted EBIT Margin	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
<b>[n] Income Taxes</b>										
	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
<b>[o] Debt-Free Net Income</b>										
	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
<b>[p] Plus Depreciation</b>										
[q] Less: Working Capital Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
[r] Less: Capital Expenditures	-	-	-	-	-	-	-	-	-	-
<b>[s] Free Cash Flow</b>										
	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0
Quarterly Partial Period Adjustments: <sup>(a)</sup>										
[t] PV Adjustment	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
[u] PV Factor	91.2507	72.2507	53.2507	34.2507	25.2507	16.2507	9.2507	4.2507	2.2507	1.2507
	0.0058	0.0054	0.0050	0.0047	0.0043	0.0040	0.0037	0.0035	0.0033	0.0031
<b>[v] Present Value of Discounted Free Cash Flow</b>										
	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	0.0

## VALUATION OF MINERA MEXICO

AS OF APRIL 1, 2005

## WEIGHTED AVERAGE COST OF CAPITAL (WACC)

(In Thousands, except Common Share Price)

## CAPITAL ASSET PRICING MODEL

## Assumptions

Source:

Valuation Date		1-Apr-2005	
Stock Price Date		1-Apr-2005	
Risk-free Rate	Rf =	4.9%	20-Year Government Bond, Federal Reserve Statistical Release, April 1, 2005
Pretax Required Rate on Debt Capital	i =	7.0%	BB 30-Year US Industrial Yield as of April 1, 2005
Equity Risk Premium	Rp =	4.0%	<i>Cost of Capital</i> , pg. 319 -- Equity risk premium on a world diversified portfolio
Country Risk Premium	CRp =	1.7%	2005 Damodaran Country Risk Premium
Long-term Inflation Rate		2.5%	Survey of Professional Forecasters, Federal Reserve Bank of Philadelphia, dated February 14, 2005
Tax Rate		30.0%	Grupo Mexico's 2004 Annual Report, pg. 41. 2005 projected Mexican income tax rates.

## Industry Capital Structure Analysis

	Total Gross Debt (D) (1)	Market Value of Equity (E)	Total Capital (D + E) (2)			
Antofagasta plc	\$ 602,800.0	\$ 4,713,422.0	\$ 5,316,222.0			
Grupo Mexico SA de CV	2,456,607.0	4,454,853.0	6,911,460.0			
Phelps Dodge Corp.	1,098,900.0	9,803,318.0	10,902,218.0			
Southern Copper Corp.	289,043.0	4,464,992.0	4,754,035.0			
	Debt Rating	Beta (Predicted)	D/E	D/Total Capital	Effective Income Tax Rate (t)	Unlevered Beta (3)
Antofagasta plc	NA	0.72	12.8%	11.3%	18.5%	0.65
Grupo Mexico SA de CV	BB	1.40	55.1%	35.5%	33.0%	1.02
Phelps Dodge Corp.	BBB	1.50	11.2%	10.1%	29.8%	1.39
Southern Copper Corp.	BB-	0.83	6.5%	6.1%	37.5%	0.80
Industry Average	BB	1.11		15.8%		0.97

## Relevered Beta Analysis

Unlevered Beta	0.97	Unlevered Beta = Beta (Projected) / [1 + D/E (1 - t)]
Industry D/E (3)	18.7%	Relevered Beta = Unlevered Beta * [1 + D/E (1 - t)]
Effective Income Tax Rate	30.0%	
Relevered Beta (B)	1.10	

## WACC Calculation

	Required Return	Weighting	WACC
Required Return on Debt Capital [ i * (1 - t) ] =	4.9%	x 15.8%	= 0.8%
Required Return on Equity Capital [ Rf + B (Rp) + CRp ] =	10.9%	x 84.2%	= 9.2%
			10.0%
			<b>Rounded (Nominal)</b>
			<b>10.0%</b>
			Long-term Inflation Rate
			2.5%
			<b>Rounded (Real)</b>
			<b>7.5%</b>

## Definitions &amp; Footnotes

(1) Total Gross Debt includes preferred stock; gross debt indicates cash has not been subtracted.

(2) Total Capital excludes minority interest.

(3) Industry Debt/Equity is based on the average Debt/Capital ratio (i.e., D/C / (1 - D/C) ) and is not an average of the observed Debt / Equity ratio of the Comparable Companies.



**SOUTHERN PERU COPPER CORP.****VALUATION OF MINERA MEXICO****MARKET APPROACH**

AS OF APRIL 1, 2005

**MINERA MEXICO GUIDELINE PUBLICLY TRADED COMPANY METHOD**

(In \$US millions)

<b>MINERA MEXICO</b>		<b>(In \$USD millions)</b>			
		<b>CY 2004A</b>		<b>CY 2005E</b>	
		<b>EBITDA</b>	<b>EBIT</b>	<b>EBITDA</b>	<b>EBIT</b>
<b>Operating Metric</b>	\$	676.0 <sup>1</sup>	561.0 <sup>1</sup>	884.5 <sup>2</sup>	726.3 <sup>2</sup>
<b>Selected Multiple</b>		4.18x	4.70x	4.30x	5.07x
<b>Implied Enterprise Value</b>	\$	<u>2,823.9</u>	<u>2,637.2</u>	<u>3,807.2</u>	<u>3,683.6</u>
					<u>\$ 3,253.7</u>
<b>Notes:</b>					
1 Grupo Mexico 2004 Form 10-K, at 44.					
2 Figures represent Minera Mexico's DCF values using market prices for base metals where liquid markets exist, analyst consensus estimates for all other base metal prices					

<b>SOUTHERN PERU COPPER CORP.</b>	<b>Exhibit 8</b>
VALUATION OF MINERA MEXICO	
MARKET APPROACH	
AS OF APRIL 1, 2005	
MINERA MEXICO GUIDELINE PUBLICLY TRADED COMPANY METHOD	
(In \$US millions)	

MINERA MEXICO GUIDELINE PUBLICLY TRADED COMPANY MULTIPLES							
Company	Equity Value	Enterprise Value	Enterprise Value/				
			CY 2004A <sup>1</sup>		CY 2005E <sup>2</sup>		
			EBITDA	EBIT	EBITDA	EBIT	
Antofagasta plc	\$ 4,713.4	\$ 5,023.7	3.78x	4.27x	4.33x	4.86x	
Grupo Mexico SA de CV <sup>3</sup>	4,454.9	8,103.8	4.16x	4.85x	4.30x	5.07x	
Phelps Dodge Corp.	9,803.3	10,257.2	5.10x	6.82x	4.30x	5.61x	
Southern Copper Corp.	4,465.0	4,219.3	4.20x	4.55x	N/A	N/A	
Mean			4.31x	5.12x	4.31x	5.18x	
Median			4.18x	4.70x	4.30x	5.07x	
Selected			4.18x	4.70x	4.30x	5.07x	
Notes:							
(1) Figures were derived from each company's 2004 10-K or 2004 Annual Report.							
(2) Analyst Estimates for the Calendar Year 2005 made on or before April 1, 2005.							
(3) Grupo Mexico's Enterprise Value includes minority interest of Southern Copper Corp. on a fair value basis assuming a 54.2 percent ownership stake and minority interest of Ferromex on a book value basis assuming a 74.0 percent ownership stake.							

**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

IN RE SOUTHERN PERU COPPER  
CORPORATION SHAREHOLDER  
DERIVATIVE LITIGATION.

Consol. C.A. No. 961-VCS

**Expert Report of Eduardo S. Schwartz**

**April 21, 2010**



A1048

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**I. Qualifications**

1. I am currently the California Chair in Real Estate and Land Economics and Professor of Finance at the Anderson School of Management, University of California, Los Angeles. I have a B. Eng. From the University of Chile (1963) and a Ph.D. from the University of British Columbia (1975).
2. My recent research and teaching interests include real options, natural resource investments, and the stochastic behavior of commodity prices. I have published almost a hundred articles in professional journals, a book on real options, and more than twenty chapters in various finance edited volumes.
3. I was President of the Western Finance Association in 1991, and of the American Finance Association in 1996. I am a research associate of the National Bureau of Economic Research. I have also served as Associate Editor of more than twenty scholarly journals in finance and economics, including the Journal of Finance, Journal of Financial Economics and Journal of Financial and Quantitative Analysis.
4. A copy of my curriculum vitae is included as Exhibit A. I have not given deposition or trial testimony in the past four years.

**II. Assignment**

5. I have been retained to analyze the stock-for-stock merger ("merger" or "transaction") of Southern Peru Copper Corporation ("SPCC") with Minera Mexico, S.A. ("Minera"), which was accomplished by the issuance of SPCC shares for shares of Minera. More specifically, I was asked to opine on the fairness of the share consideration paid.
6. I have also been asked to review and respond to the report of Mr. Daniel Beaulne submitted on March 16, 2010.

7. I am being compensated for my work on this matter at my regular hourly rate of \$900.

Under my supervision and direction, Cornerstone Research has assisted me in the course of this assignment.

### **III. Materials Relied Upon**

8. In the course of fulfilling the assignment, I have relied upon various materials, including public press, analyst reports, academic literature, stock price data, SEC filings and other foreign financial statements. I have also reviewed documents produced by the Defendants and third parties. A list of the materials that I have relied upon is presented in Exhibit B.

### **IV. Summary of Opinions**

9. My opinions are as follows:
- i. The most reliable way to compare the values of two mining companies for purposes such as the merger is to conduct a relative valuation of their assets using the same assumptions and methodologies for both companies. A properly conducted relative valuation of Minera and SPCC leads me to conclude that the Minera transaction was fair to SPCC.
  - ii. Mr. Beaulne's method of calculating the fair market value of the equity of Minera and then comparing it to the stock price of SPCC yields an incorrect conclusion because the assumptions underlying the two valuations are different.
  - iii. Mr. Beaulne notes a difference between the Discounted Cash Flow ("DCF") value of SPCC and its market capitalization. Had he used a higher copper price to reconcile this difference, he would have found that the transaction was fair.

- iv. The “market approach” used by Mr. Beaulne suffers from additional problems that lead to unreliable conclusions. In particular, the “comparable” companies that he uses are inappropriate.

**V. The Merger was Fair to SPCC**

**A. Background Regarding the Merger Transaction**

10. Prior to the merger, both SPCC and Minera were majority owned by Grupo Mexico. At the time of the merger, SPCC’s shares were publicly listed.<sup>1</sup> On the other hand, Minera’s shares were not publicly listed at the time.
11. SPCC signed an agreement on October 21, 2004<sup>2</sup> to acquire Grupo Mexico’s entire equity stake in Minera, in exchange for 67.2 million SPCC shares that would be newly issued in the merger.<sup>3</sup> Based on a relative valuation of Minera and SPCC, I conclude that the transaction was fair to SPCC.

**B. Advantages of the Relative Valuation Methodology**

12. SPCC and Minera are both mining companies engaged primarily in the extraction, refining and sale of copper, along with other metals and industrial by-products. Mining companies derive their value chiefly from their reserves. However, valuing these reserves is difficult due to the uncertainty of metal prices in the long run.
13. For mining companies, the “long run” can be very long indeed. Minera, for example, expected its copper mines to continue production for some 50 years after the merger.

Since copper is used in the production of many industrial and consumer products, such as

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<sup>1</sup> 2004 Form 10-K, Southern Peru Copper Corporation, March 15, 2005, at page A2. Approximately 18% of SPCC’s shares were publicly traded. The remainder of the shares was indirectly owned by Grupo Mexico, Cerro and Phelps Dodge.

<sup>2</sup> Mr. Beaulne presents analyses in his report pertaining to the closing date of the transaction on April 1, 2005. This date is not relevant to the question of whether the transaction was fair to SPCC because the terms of the transaction were decided and agreed upon as of October 21, 2004 and did not change after that.

<sup>3</sup> Form 8-K, Southern Peru Copper Corporation, October 21, 2004, at page 2.

electrical wiring, building construction, industrial machinery, electronics, and plumbing, the demand for copper is affected by a host of factors pertaining to these industries. The supply of copper, on the other hand, depends in part on the price of copper, and also on any future technological advances in the sciences of copper extraction and geological surveying. This complex interplay of demand and supply determines the price of copper in the global markets, and makes it hard to predict with certainty the prices of copper in the long term. It is also hard to predict what the demand for copper will be, which is in part affected by whether new uses will be found for copper and whether copper will be rendered obsolete by technological advances.

14. Because the future price of copper and other inputs into the valuation process are uncertain, and this was a stock-for-stock transaction, the relative valuation methodology mitigates that uncertainty by applying the same assumptions to both companies at the same time, enabling a true “apples to apples” comparison of the two companies. In my analysis of the merger transaction, I therefore estimate the relative values of SPCC versus Minera, using the same assumptions for variables that are common to each valuation. The chief advantage of this relative valuation methodology is that it reduces the impact of uncertainty in the inputs on the ultimate conclusion.
15. For example, valuations of both Minera and SPCC are affected by uncertainty in future copper prices. However, this uncertainty is mitigated by the fact that when copper prices increase (or decrease), the values of Minera and SPCC will both increase (or decrease).<sup>4</sup> Thus, even if the price of copper fluctuates above or below the initial assumption about the long-term copper price, the *relative* values of the two companies can still be

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<sup>4</sup> The values of Minera and SPCC do not change by the same amounts because of differences in their production schedules, cost of capital, and revenue mix. In general, changes in copper price affect Minera’s value to a greater extent than SPCC’s value, because Minera had larger copper reserves and its mines were expected to last longer.



reasonably estimated as long as the same assumptions on copper pricing are used for valuing both companies.

**C. Overview of Relative Valuation Methodology**

16. The merger was a stock-for-stock transaction. SPCC issued new shares in exchange for virtually the entire equity stake in Minera. After the merger, the combined entity consisted of the assets of SPCC and Minera, operating under SPCC. SPCC had 80.0 million shares outstanding before the merger, and issued another 67.2 million shares in the merger in exchange for the stock of Minera. After the merger, the combined entity had 147.2 million (80.0 million plus 67.2 million) shares outstanding.
17. In exchange for 67.2 million newly issued SPCC shares, SPCC received Grupo Mexico's stake in Minera. The original owners of SPCC ended up with a 54% equity stake in the combined entity (54% is 80.0 million out of 147.2 million shares), while Grupo Mexico received a 46% equity stake in the combined entity (46% is 67.2 million out of 147.2 million shares).
18. If the transaction was fair, then the share holdings by both parties should be in proportion to the equity value contributed toward the combined entity by both parties.
19. In fact, I found that the transaction was more than fair to SPCC. In other words, SPCC received more in value from the shares of Minera than it gave up in terms of fractional control in the equity of the combined entity.
20. In determining the amount of equity to be exchanged, the equity values of Minera and SPCC are obtained through DCF analyses. For each firm, I perform a DCF analysis that looks at the total amount of cash flow generated by the operations of the firm that is available to all claim holders, which includes equity as well as debt holders. These cash

flows are then discounted at an appropriate rate to derive a total firm value (or enterprise value) for each company. The amount of net debt is then subtracted from the total firm value to obtain an equity value for each firm.

**D. Assumptions Used in the Relative Valuation**

21. A number of inputs are necessary for the DCF analysis of each firm. Estimating these inputs can be difficult on a standalone basis. Fortunately, estimating the values of Minera and SPCC on a *relative* basis mitigates many of these challenges, because any potential uncertainties in determining inputs would pose fewer problems for a relative valuation methodology as long as the two companies are affected by the same uncertainties. I will discuss each input in turn.
22. First, I will discuss the inputs where the values that I have assumed are in general agreement with Mr. Beaulne.
  - i. Metal prices: Since Minera and SPCC are both metal mining companies, metal prices have a direct impact on the revenues generated by each company. Among all the metal prices, copper prices have the largest impact on the values of Minera and SPCC because copper is the main output product for both companies. To eliminate a point of contention, I assume the same metal prices as Mr. Beaulne did.<sup>5</sup> Later on in this report, I will calculate the sensitivity of these valuations to different metal prices and show that while the standalone valuation of each company is very sensitive to metal prices, their relative valuation is not.

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<sup>5</sup> See Beaulne Report at Table 4a.

- ii. Free cash flows: Mr. Beaulne assumes the same set of free cash flows as represented in the Goldman Sachs Fairness Opinion Presentation,<sup>6</sup> with the minor difference that he includes additional cash flows from October 21, 2004 through the end of 2004 in his estimates.<sup>7</sup> This is reasonable and I accept Mr. Beaulne's free cash flow estimates as given. However, I use the same approach for both SPCC and Minera, whereas Mr. Beaulne only undertakes this exercise for Minera.
- iii. Risk-free rate: This is the rate of return that an investor would expect from a riskless investment. Investment in a bond backed by the U.S. Government is generally assumed to be risk-free. Based on the 20-year U.S. Treasury rate, I assume (as Mr. Beaulne does) a risk-free rate of 4.76%.<sup>8</sup>
- iv. Inflation rate: The inflation rate is an assumption that is especially relevant for valuing cash flows over long periods of time, because seemingly low rates of inflation can cumulate to significant amounts over several decades. Furthermore, the long-term copper price forecasts used in both Mr. Beaulne's and my analyses are specified in real terms. In other words, they are adjusted for inflation in prices. I assume the same inflation rate of 2.50%, based on the same source as Mr. Beaulne.<sup>9</sup>
- v. Market risk premium: This represents the additional rate of return that an investor can expect to get from an investment in the broad equity market, over and above the risk-free rate of return. I assume a market risk premium of 4%, based on the same source that Mr. Beaulne used.<sup>10</sup> Although I have seen different estimates used in

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<sup>6</sup> Discussion Materials for the Special Committee of Disinterested Directors, Goldman Sachs, dated October 21, 2004 ("Goldman Presentation").

<sup>7</sup> Expert Report of Daniel Beaulne dated March 16, 2010 ("Beaulne Report") at Exhibit 1.

<sup>8</sup> Beaulne Report at page 36 and Exhibit 2.

<sup>9</sup> Beaulne Report at page 36 and Exhibit 2.

<sup>10</sup> Shannon P. Pratt and Roger J. Grabowski, "Cost of Capital: Applications and Examples", New York: John Wiley & Sons, Inc., 2008, at page 319.

the finance literature for the market risk premium, for the purposes of my analysis here I use the same assumption as Mr. Beaulne to eliminate a point of contention.

- vi. Country risk premia: On top of the market risk premium, the country risk premium represents the incremental rate of return that an investor demands from an investment in a foreign market (rather than the U.S. equity market) in order to compensate her for any additional risk in that foreign market. I assume a country risk premium for Mexico of 1.80% when estimating the cost of capital for Minera, based on the same source as Mr. Beaulne.<sup>11</sup> Using the same source, I find that the country risk premium for Peru, SPCC's principal place of business, is 2.18%.
- vii. Cost of debt: This represents the rate at which the firm is able to borrow money from debt markets. Based on the same source that Mr. Beaulne used, I assume a cost of debt for Minera of 7.30%.<sup>12</sup>
- viii. Tax benefits from net operating losses: Mr. Beaulne assumes that none of the net operating losses of Minera could be used to offset SPCC's taxable income and thus reduce its taxes. In fact, I have seen evidence in the deposition testimony of Mr. Palomino that suggests 100% of these tax benefits would accrue to SPCC.<sup>13</sup> Furthermore, Goldman Sachs quantified these tax benefits at \$131 million in their Fairness Opinion Presentation.<sup>14</sup> For the purposes of my analysis, I assume that in fact none of these benefits would accrue to SPCC, both out of conservatism and also to eliminate a point of contention.

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<sup>11</sup> Research on Country Default Spreads and Risk Premiums for 2004 by Aswath Damodaran. See Beaulne Report at Exhibit 2.

<sup>12</sup> BB rated 30-Year US Industrial Yield as of October 21, 2004.

<sup>13</sup> Deposition of Luis Miguel Palomino Bonilla, 158:7-159:20.

<sup>14</sup> Goldman Presentation.

- ix. Country tax rate: The corporate tax rate in Mexico in 2004 was 33% and in 2005 it was 32%.<sup>15</sup> Mr. Beaulne assumes that the Mexican tax rate is the average of 32% and 33% in his analysis. I assume the same Mexican tax rate in my calculations.<sup>16</sup>
23. Next, I will discuss in turn various inputs where I disagree with Mr. Beaulne's bases for his assumptions.
- i. Beta: Broadly speaking, beta represents the extent to which a company's returns co-vary with those of the broad equity market. It is used in the calculation of the cost of equity for a company. Mr. Beaulne assumes that the beta of Minera is 0.74, which he calculates as the average beta among four companies that he considers comparable to Minera.<sup>17</sup> As I discuss later, to the extent that Mr. Beaulne's comparables are not representative of Minera, his estimate of beta would also not be representative of Minera. Furthermore, his estimate is only based on a small sample (four supposedly comparable companies). I consider a more reliable estimate of beta to be Damodaran's world-wide estimate for mining companies of 0.871.<sup>18</sup> This estimate is based on a larger sample of 76 companies, and represents a statistically more meaningful result.
- ii. Capital structure: The capital structure of a firm refers to the blend of equity and debt used to finance the operations of the firm. Earlier I discussed concerns with Mr. Beaulne's method of estimating the beta of Minera using just four comparables. The same problems arise when Mr. Beaulne tries to estimate the capital structure of Minera using his methodology. Instead, I assume that the target capital structure of

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<sup>15</sup> Consolidated Financial Statements, December 31, 2003 and 2002, Grupo Mexico, April 16, 2004, at page 42.

<sup>16</sup> This is not to say that I endorse Mr. Beaulne's assumption about the Mexican tax rate.

<sup>17</sup> Beaulne Report at Exhibit 2 estimates the unlevered beta of Minera.

<sup>18</sup> Research on Betas by Sector for 2004 by Aswath Damodaran.

Minera is the industry average capital structure, based on a sample of 76 companies from the same source that was previously mentioned.<sup>19</sup> I assume the same target capital structure for Minera as well as SPCC.

24. Lastly, I will discuss inputs that are entirely absent from Mr. Beaulne's analysis. These inputs are absent because he does not follow the same methodology he uses in valuing Minera when he values SPCC.

- i. Royalty taxes on SPCC's revenue: At the time of the transaction, the Peruvian government had instituted a new royalty tax on mining companies that was expected to be in the range of 1% to 3%.<sup>20</sup> This rate could vary from company to company. At the time of the merger, the official decision on SPCC's royalty tax rate had yet to be made. Thus, I consider the mid-point of that range (2%) to be the best unbiased estimate for this input.
- ii. Synergies: Grupo Mexico believed that there might be synergies that would accrue from the merger transaction. However, neither Goldman Sachs nor Anderson & Schwab included these synergies in their analyses. Out of conservatism, I have assumed that there would be no synergies accruing from the merger.
- iii. Discount rate assumptions for SPCC: The same inputs to the calculation of Minera's discount rate are necessary for estimating a discount rate for SPCC. I assume the same target capital structure for SPCC and Minera, and also the same beta. However, since Mr. Beaulne does not perform a parallel analysis of SPCC's DCF value, I need to estimate values for country risk premium, the effective tax rate and cost of debt that are appropriate for SPCC. Based on the same source that

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<sup>19</sup> Research on Betas by Sector for 2004 by Aswath Damodaran.

<sup>20</sup> 2005 Form 10-K, Southern Peru Copper Corporation, March 13, 2006, at page 24.

Mr. Beaulne used, the country risk premium for Peru is 2.18%,<sup>21</sup> which is slightly higher than that for Mexico. The effective corporate tax rate for SPCC is also slightly higher at 35%.<sup>22</sup> Since SPCC and Minera are operationally very similar, I assume that the cost of debt for SPCC is the same as Minera's except for differences in country risk between Peru as Mexico. Based on the same sources used by Mr. Beaulne, SPCC's cost of debt is 7.55%. The difference between this number and Minera's cost of debt (7.30%) is due to the difference in country risk (or default spread) between Peru and Mexico, which is 0.25%.<sup>23</sup>

#### **E. Discussion of Main Result**

25. Based on relative valuations of Minera and SPCC and the assumptions discussed above, I conclude that if SPCC had paid 67.6 million shares in the merger transaction, it would have gotten a fair deal. This calculation uses conservative assumptions about long-term copper price and other inputs, and is summarized in Exhibit 1. Since SPCC in fact paid less (67.2 million shares), the transaction was more than fair to SPCC.
26. However, given the large number of inputs and assumptions that are necessary for estimating the number of shares to be exchanged, I considered it prudent to perform additional tests to check on the reliability of my result.

#### **F. Sensitivity Analyses**

27. In empirical research, it is common for researchers to perform so-called "sensitivity analyses" or "robustness tests" on their findings. This refers to the exercise of varying the input values used in a model and observing the impact of those varying inputs on the model's final conclusion. The final conclusion in this case is about whether the

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<sup>21</sup> Research on Country Default Spreads and Risk Premiums for 2004 by Aswath Damodaran.

<sup>22</sup> Goldman Presentation.

<sup>23</sup> Research on Country Default Spreads and Risk Premiums for 2004 by Aswath Damodaran.

transaction was fair to SPCC or not. If the final conclusion does not change (or does not change substantially), the conclusion is deemed “robust.”

28. I performed a number of sensitivity analyses on my findings, and describe each one in turn.
29. Sensitivity to copper price: Among the different inputs, one of the key determinants of value for Minera and SPCC is the long-term copper price. This is because both companies are primarily copper producers, so expectations about copper price directly impact the expected revenue streams to both firms.
30. Unfortunately, the long-term price of copper decades into the future is difficult to predict.<sup>24</sup> The numbers in Table 4a and 4b of Mr. Beaulne’s report illustrate this point well. Table 4a represents metal price estimates as of October 21, 2004, while Table 4b represents the same estimates as of April 1, 2005, less than 6 months later. In a matter of months, the long-term copper price forecast increased from \$0.90/lb to \$0.95/lb, representing an increase of 5.5%. During the same period, the long-term silver price forecast increased from \$5/oz to \$6.75/oz, a 35% increase, while the long-term gold price forecast increased from \$340/oz to \$440/oz, a 29% increase. Note that these large changes reflect volatility in long-term price forecasts, not spot prices. The volatility of these long-term forecasts illustrates how hard it can be to predict long-term metal prices.
31. Although copper price has a large impact on firm values, the impact of any potential inaccuracies in forecasting copper price on the resulting number of shares SPCC should

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<sup>24</sup> For example, see C. Bowman and A. M. Husain. “Forecasting Commodity Prices: Futures Versus Judgment,” IMF Working Paper, March 2004: “Forecasting commodity prices with reasonable accuracy is complicated by their considerable variability.” Also, see P. Cashin and C. J. McDermott. “The Long-Run Behavior of Commodity Prices: Small Trends and Big Variability,” IMF Staff Papers vol. 49, no.2, 2002: “Over the last 140 years, real commodity prices have declined by about 1 percent per year, but this has not been a smooth process, with prices sometimes changing by as much as 50 percent in a single year. Clearly, price variability is large relative to trend. This makes forecasting future commodity prices a difficult exercise, since they are subject to large and unpredictable movements that may have persistent effects.”



have to pay is diminished by using a relative valuation. This is because increases in copper prices will increase the values of both Minera and SPCC, albeit in different amounts.

32. To ensure that my conclusion is robust to uncertainty about the long-term copper price, I re-estimated the number of shares SPCC should have to pay using long-term copper prices of \$0.95 as well as \$1.30.<sup>25</sup> Using these long-term copper prices, the implied number of shares increases to 70.3 million and 80.6 million shares respectively. This means that the transaction would still be fair to SPCC even if higher long-term copper prices were used in the analysis.
33. Sensitivity to cost of capital: Under a DCF analysis, the free cash flows to the firm are discounted at the weighted average cost of capital ("WACC"). The WACC is estimated on the basis of a number of assumptions. After copper prices, the WACC ranks amongst the most important determinants of firm value. Since estimating WACC is itself a slightly involved process, I ran a sensitivity analysis on WACC to see if my conclusion would be robust to different WACC assumptions.
34. I re-estimated the number of shares SPCC would have to pay assuming a WACC of 6.50% for Minera as per Mr. Beaulne, and added a 0.25% discount rate spread<sup>26</sup> to derive

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<sup>25</sup> According to Mr. Beaulne, \$0.95/lb was the median long-term copper price forecast as of April 1, 2005. "Mining Weekly - What's on this Week in Mining", Orion Securities, March 21, 2005 estimated a long-term copper price of \$1.30/lb. I do not consider long-term copper prices below \$0.90/lb to be reasonable for the purposes of conducting this sensitivity analysis. In accordance with SEC Industry Guide 7, mining companies were required to record the value of its copper assets at the 3-year historical average copper price, which was \$0.939/lb at the time. For long-term planning purposes, however, SPCC chose to use a lower price of \$0.90/lb. Thus, \$0.90/lb was already a conservative estimate, and one that I consider to be at the lower limit of reasonable long-term copper price estimates.

<sup>26</sup> Based on the difference in country risk (or default spread) between Peru and Mexico, obtained from Research on Country Default Spreads and Risk Premiums for 2004 by Aswath Damodaran.

a WACC for SPCC of 6.75%.<sup>27</sup> This yielded an estimate of 68.6 million shares, which means that the transaction would still be fair to SPCC if lower WACC assumptions were used in the analysis.

35. In summary, my conclusion that the transaction was fair to SPCC is robust to different WACC and long-term copper price assumptions. The WACC in particular is estimated based on a number of underlying assumptions, such as the market risk premium, beta, capital structure, cost of debt, tax rates, and inflation rates. As previously described, I agree with Mr. Beaulne's bases on most of these assumptions and disagree with him on a few others. Ultimately though, my conclusion that the transaction was fair to SPCC does not change even if I were to use Mr. Beaulne's WACC inputs.

**G. Comparison of SPCC Equity Values to SPCC Market Capitalization**

36. Mr. Beaulne states that the "Goldman discount cash flow analysis calculates a value that is a fraction of the market capitalization of SPCC as traded on the NYSE as of the Fairness Opinion Date."<sup>28</sup>
37. However, the comparison that he tries to draw is not meaningful, because the assumptions underlying the Goldman Sachs analysis are not necessarily the same as those used by the market in pricing SPCC stock. In fact, the empirical evidence suggests that they are not the same.
38. Goldman Sachs performed a relative valuation of Minera and SPCC, similar to my analysis in this report. Goldman Sachs compared the value of two firms on a *relative* basis, using the same underlying assumptions with regard to copper price and certain other inputs that would be common to both firms. Although the relative valuation

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<sup>27</sup> For the purposes of responding to Mr. Beaulne's report, I considered only discount rates for Minera and SPCC that were assumed or implied by Mr. Beaulne's analyses.

<sup>28</sup> Beaulne Report at Section 11.0.

methodology produces separate estimates of equity value for SPCC and Minera, those estimated equity values are only meaningful in relation to each other under the same assumptions, and are not meaningful in a different context.

39. For instance, a comparison of the value of SPCC obtained using a DCF model against the value of Minera also calculated using a DCF model would be reasonable. A comparison of the market capitalization of SPCC against the market capitalization of Minera (had Minera been publicly traded on the same market as SPCC, which was not the case), also would have been reasonable. Mixing these two approaches, however, as Mr. Beaulne has done, is not appropriate because the assumptions underlying the two approaches are different.
40. As Mr. Beaulne points out, under the Goldman Sachs analysis, the equity value of Minera falls below the market value of the SPCC shares paid. He also points out that the equity value of SPCC under Goldman Sachs' analysis is well below its market capitalization. This is not surprising, since Goldman Sachs' valuation was performed on a relative basis, using the same DCF methodology for both companies. If SPCC's estimated value is below its market capitalization, then it is not surprising that the estimated value of Minera would also fall below the market value of the SPCC shares that were paid as consideration for it. The only relationship that matters under the relative valuation that Goldman Sachs did is the one between Minera and SPCC's DCF valuations. Generating an equity value of SPCC that matched the market capitalization of SPCC was irrelevant for the purpose of the Goldman Sachs analysis and is also irrelevant for the purpose of my analysis.

41. Had that been a goal, however, Goldman Sachs could have used different values for the inputs to its model such that the implied equity value of SPCC generated by the model matched the observed market capitalization.
42. As an illustration, suppose one adjusts the calculated equity value of SPCC by changing the long-term copper price assumption (copper price is an obvious candidate for this exercise because it is uncertain and has a large impact on valuation).
43. As seen in Exhibit 2, if long-term copper price is assumed to be approximately \$1.30, the calculated equity value of SPCC would approximate SPCC's observed market capitalization. However, increasing the copper price would also cause the equity value of Minera to increase, because copper price is also an input to Minera's valuation, not just SPCC's. Using this long-term copper price, the implied number of shares would be about 80 million. Therefore, the transaction would still be fair to SPCC, since SPCC only paid 67.2 million shares in the transaction.

**H. SPCC Benefited from the Conservative Assumptions Used by Goldman Sachs**

44. Mr. Beaulne argues that "Goldman's Fairness Opinion Presentation does not reconcile its discounted cash flow analysis equity value calculations for SPCC with SPCC's publicly traded share price..."<sup>29</sup> As previously discussed, the market price of SPCC is irrelevant to the relative valuation analysis Goldman Sachs performed. Had Goldman Sachs employed a higher long-term copper price, the transaction would have required a larger number of SPCC shares to be exchanged and the valuation of SPCC would have been closer in value to its market capitalization.
45. From an economic perspective, the lower DCF equity value for SPCC, obtained using more conservative assumptions for copper price than implied by the market capitalization

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<sup>29</sup> Beaulne Report at page 49.

of SPCC, results in a lower number of SPCC shares for the transaction. This is because a lower copper price causes the calculated value of Minera to decrease to a greater extent than the value of SPCC using the same assumptions. By acting as it did, the Special Committee actually enhanced the bargaining position of SPCC.<sup>30</sup>

**VI. Mr. Beaulne's Valuation Approaches are Not Appropriate**

**A. Mr. Beaulne Does Not Compare Minera and SPCC on the Same Basis**

46. Mr. Beaulne's valuation is an inconsistent ("apples to oranges") comparison between the value of Minera and the value of SPCC. His analysis compares the equity value of Minera derived from a DCF valuation against the observed market price of SPCC.<sup>31</sup> This is internally inconsistent because Mr. Beaulne computed the DCF value of Minera using one particular set of assumptions, without analyzing the assumptions that the market used to price SPCC. In fact, it seems that the unobservable assumptions that the market used to price SPCC were different from the ones used by Mr. Beaulne in his DCF valuation of Minera.

**B. Mr. Beaulne's DCF Assumptions Differ from Market Expectations**

47. There are two main components in a DCF valuation: 1) the set of cash flows, and 2) the discount rate that is applied to these cash flows. If a DCF valuation of an asset yields a value that is substantially different from the market price of the same asset, one or more of the key assumptions must be different from market expectations. I examine each of these main components in turn.

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<sup>30</sup> Not only was the copper price of \$0.90/lb assumed by SPCC, Mr. Beaulne and Goldman Sachs conservative, it was also within the range of reasonable long-term copper prices as previously discussed in Footnote 25.

<sup>31</sup> See Beaulne Report at 1.0: "I have been asked to render an opinion of the Fair Market Value ("FMV") of Minera Mexico, S.A. de C.V. (collectively defined as "MM" or "the Company") as of October 21, 2004 (the "Fairness Opinion Date") and April 1, 2005 (the "Closing Date"). I have been asked to translate this FMV into the fair number of common shares of Southern Peru Copper Corporation that should be issued as a part of the acquisition of MM." I may refer to this methodology as a "standalone valuation" at subsequent points in my report because it compares the standalone value of Minera against the market value of SPCC.

48. First, I examine the discount rate assumption. Mr. Beaulne assumes in his valuation of Minera that the copper prices, production quantities, and free cash flows from Goldman Sachs' Fairness Opinion are correct.<sup>32</sup> Had he applied consistent assumptions<sup>33</sup> to a DCF valuation of SPCC, he would have found that only an unreasonably low discount rate would generate an equity value for SPCC that is close to the observed SPCC market value. As seen in Exhibit 3, in order for SPCC to attain its market value under Mr. Beaulne's assumptions, the discount rate would have to be as low as 2.69%, which is clearly unreasonable.<sup>34</sup>
49. Next, I examine the cash flow assumption, which is the other main component of a DCF valuation. Cash flows to Minera and SPCC depend primarily on production quantities, copper prices, and production costs. Assuming that the production quantities and production costs used by Goldman Sachs are used here (I note that Mr. Beaulne does not dispute any of those figures),<sup>35</sup> the only remaining assumption subject to change is the copper price forecast.
50. Given the difficulty of predicting long-term copper prices, the general trend that copper prices were increasing at the relevant times, and the diversity of opinions on long-term copper prices held by various Wall Street analysts,<sup>36</sup> the long-term price of copper is a likely source of discrepancy between the equity value produced by the DCF using the

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<sup>32</sup> Mr. Beaulne assumed the same production quantities that Goldman Sachs used in their valuation of Minera, but included additional production from 2004. His copper price assumptions are virtually identical to Goldman Sachs' assumptions on copper prices.

<sup>33</sup> Using the same metal prices as specified in Table 4a of his report for both Minera and SPCC. Also using the production quantities and production costs from GS-SPCC 085542.xls cited in Footnote 97 of his report for SPCC. GS-SPCC 085542.xls is the SPCC version of the document that Mr. Beaulne relied upon for production quantities and production costs in his valuation of Minera (GS-SPCC 054346.xls).

<sup>34</sup> 2.69% (which is 5.26% in nominal terms) is an unreasonable number because it would imply that SPCC, a B-rated company, would be able to borrow at such low rates when other B-rated companies were only able to borrow at approximately 8.09% at the time (B-Rated 30-Year US Industrial Yield).

<sup>35</sup> See Beaulne Report at Exhibit 1 footnotes a - f, which reference GS-SPCC 054346.xls.

<sup>36</sup> Goldman Presentation at page 28 presents a range of Wall Street estimates.

assumptions discussed above and the market capitalization for SPCC at the time. Using all of Mr. Beaulne's other assumptions as given, Exhibit 4 shows that a long-term copper price in the region of \$1.25 per pound would generate a DCF equity value for SPCC that was consistent with its observed market value. Using this copper price, however, SPCC would have paid 80.3 million shares, rather than 67.2 million, meaning that the transaction was fair. (A long-term copper price of \$1.25 was not an unreasonable prediction at the time of the transaction and could account for the disparity between a DCF valuation of SPCC and its observed market capitalization.)

51. These observations suggest that at least one (and probably more) of the assumptions used in Mr. Beaulne's DCF valuation of Minera were inconsistent with market expectations relating to SPCC (a similar copper company) and that those differences would have had an impact on the price of SPCC stock had it and Minera been valued on the basis of the same assumptions.<sup>37</sup>

**C. Mr. Beaulne's Methodology Magnifies Errors From Uncertainty in the Inputs**

52. Mr. Beaulne's standalone valuation methodology<sup>38</sup> is misleading as it ignores the high degree of correlation between the values of Minera and SPCC. The implications of ignoring the correlation between the values of Minera and SPCC on the computation of the implied number of shares to be issued can be substantial, as illustrated in Exhibit 5.
53. First, I compute the range of the implied number of shares to be issued, under reasonable scenarios about the copper price inputs,<sup>39</sup> using the standalone valuation of Minera and

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<sup>37</sup> For example, there is no reason to apply a different long-term copper price to Minera than to SPCC (or vice-versa).

<sup>38</sup> See Footnote 31.

<sup>39</sup> For illustrative purposes, I consider a range of long-term copper prices from \$0.90 to \$1.30. Mr. Beaulne used a long-term copper price of \$0.90 in his analysis. As previously discussed, a long-term copper price of \$1.30 would imply a calculated equity value for SPCC that approximates its market capitalization.

the market value of SPCC. The resulting range in the implied number of shares to be issued is 36.8 – 80.4 million shares. Next, I compute the range of the implied number of shares to be issued, under the same scenarios about the copper price inputs, but this time valuing both Minera and SPCC in a consistent manner under the relative valuation methodology. The resulting range of the implied number of shares to be issued shrinks to 67.6 – 80.6 million shares.

54. Mr. Beaulne's valuation methodology leads to a range of shares to be exchanged that is more than 3 times larger than it should be using a proper relative valuation methodology. This is because Mr. Beaulne's methodology allows any uncertainty in copper prices to affect the value of Minera but not the value of SPCC (and of course it should affect both directly); in a sense Mr. Beaulne allows the DCF value of Minera to float with the price of copper but holds the value of SPCC fixed at its market price. If the market was actually assuming a copper price that is different from what Mr. Beaulne assumes for his DCF valuation in pricing SPCC (as my analysis suggests it was<sup>40</sup>), this discrepancy becomes an additional source of error that could have been largely avoided by using a relative valuation methodology. Therefore, conclusions derived from Mr. Beaulne's standalone valuation are less robust to uncertainty in the inputs.

**D. Mr. Beaulne's Valuation Methodologies Would Have Generated Values for SPCC Below its Market Capitalization**

55. Mr. Beaulne does not apply his valuation methodologies to SPCC. If he had done so, he would have calculated equity values for SPCC that are also below the market capitalization of SPCC, subjecting himself to the same criticism he had for Goldman Sachs.

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<sup>40</sup> See prior discussion in Section VI.B.



56. First, the value for SPCC can be computed using the same DCF method that Mr. Beaulne used to calculate the value for Minera.<sup>41</sup> Using SPCC's projection data,<sup>42</sup> Mr. Beaulne's forecasted copper prices,<sup>43</sup> and a range of assumptions for the other required inputs that are consistent with Mr. Beaulne's report, the implied value of SPCC is \$2,118.2 million, as shown by Exhibit 6, approximately 58% of the observed market capitalization at the relevant time.
57. Second, the value of SPCC can be also computed using the Guideline Publicly Traded Company Method described in Mr. Beaulne's report.<sup>44</sup> This analysis is presented in Exhibit 7. Using the same multiples used by Mr. Beaulne for valuing Minera<sup>45</sup> to derive the value of SPCC, the implied equity value of SPCC is between \$2,854.3 million and \$3,079.5 million, again less than the observed market capitalization at the relevant time.
58. Both methods used by Mr. Beaulne in his report to value Minera, namely, the DCF method and the Guideline Publicly Traded Company Method, yield an implied value of SPCC that is lower than the observed SPCC market value. Therefore, his own methods are subject to the same criticisms that he made against Goldman Sachs' valuation of SPCC.

**VII. Mr. Beaulne's "Market Approach" is Particularly Unreliable**

59. Mr. Beaulne conducts a "Market Approach" analysis to support his opinion about Minera's Fair Market Value. What he has done is more commonly known as a multiples analysis. Based on industry classifications, he looks for companies that were "similar to

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<sup>41</sup> Which was also relied upon by Beaulne in his report. See Beaulne Report at 5.1.

<sup>42</sup> GS-SPCC 085542.xls.

<sup>43</sup> Beaulne Report at Table 4a.

<sup>44</sup> See Beaulne Report at 7.0.

<sup>45</sup> This is not to say that Beaulne's multiples methodology is correct. In fact, I believe it is not.

MM”<sup>46</sup> and screens “each of the companies based on size”<sup>47</sup> and other qualitative factors to end up with a set of “Screened Guideline Companies.” These “Screened Guideline Companies” are used as comparable companies under a multiples approach. The performance multiples of these comparable companies are then used to estimate a value for Minera.<sup>48</sup>

**A. Mr. Beaulne’s Multiples Analysis Does Not Account for Important Differences Between Comparables**

60. In my opinion, Mr. Beaulne’s multiples analysis is incorrect. The bases for my opinion are discussed below.
61. Mr. Beaulne does not compare any measure of operational profitability or risk of the comparable companies against Minera.<sup>49</sup> Given that these factors are important determinants of company value, Mr. Beaulne’s multiples analysis is unreliable, as it does not control for any differences between the comparable companies and Minera.
62. The median multiples might not be representative of Minera’s circumstances, because Minera differs along valuation-relevant dimensions from the companies in Mr. Beaulne’s set of chosen comparables. Minera differs from Mr. Beaulne’s set of comparable companies in its business mix and sources of revenues. For instance, Grupo Mexico

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<sup>46</sup> Beaulne Report at page 38.

<sup>47</sup> He eliminates companies whose Total Enterprise Value “fell outside a range of \$1.0 billion to \$12 billion.”

<sup>48</sup> Based on his methodology, Mr. Beaulne concludes that the calculated Enterprise Value for MM was \$2.8 billion as of the Fairness Opinion Date and \$3.3 billion as of the Closing Date.

<sup>49</sup> Aswath Damodaran, “Investment Valuation,” New York: John Wiley & Sons, 2002, at page 462 states that “A comparable firm is one with cash flows, growth potential, and risk similar to the firm being valued.”

obtains revenue from industries besides mining, including transportation.<sup>50</sup> Such a difference in business mix is relevant for valuation.

63. The multiples approach is very sensitive to the choice of comparable companies, but Mr. Beaulne does not perform any analysis to control for the robustness of his results. The valuation literature recognizes that the multiples approach suffers from several shortcomings including, perhaps most importantly, the difficulty of selecting companies that are truly “comparable” to the company under study. For example, Benninga and Sarig (1997) write:

“Since the selection of comparable firms has such a paramount role in valuation with multiples, special attention must be paid to selecting a true comparable sample of firms—firms that are in the same industry, employ the same technology, apply to similar clienteles, are of similar size, and so on ... Since there are no two identical firms, the selection of comparable firms should balance the desire to get as large a sample as possible so that the idiosyncrasies of individual firms wash out against the desire to ensure a high degree of similarity of the sample to the firm being valued.”<sup>51</sup>

64. Similarly, Damodaran (1994) writes:

“The allure of multiples is that they are simple and easy to relate to ... By the same token they are also easy to misuse and manipulate, especially when comparable firms are used. Given that no two firms are exactly similar in terms of risk and growth, the definition of *comparable firm* is a subjective one. Consequently, a biased analyst can choose a group of comparable firms to confirm his or her biases about a firm’s value.”<sup>52</sup>

## **B. Most of Mr. Beaulne’s Comparable Companies are Related Parties**

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<sup>50</sup> Annual Report 2003, Grupo Mexico S.A. de C.V., April 16, 2004, at page 10: Transport Services accounts for 24% and 23% of Grupo Mexico’s sales in 2002 and 2003; Minera does not derive any revenue from transportation services.

<sup>51</sup> Simon Benninga and Oded Sarig, “Corporate Finance: A Valuation Approach,” McGraw-Hill, 1997, at page 330.

<sup>52</sup> Aswath Damodaran, “Damodaran On Valuation: Security Analysis for Investment and Corporate Finance,” New York: John Wiley & Sons, 1994, at page 16. Importantly, Mr. Beaulne recognizes Damodaran as an authoritative source regarding valuation methodologies.

65. The multiples approach used by Mr. Beaulne implicitly assumes that the comparables used are correctly priced by the market. However, Mr. Beaulne's selection of comparables includes companies that are significantly related to Minera. Because these comparables are related to Minera, their multiples are themselves dependent on the value of Minera. Since the correct valuation of Minera's assets is what plaintiff disputes here, it is methodologically unsound to use comparables whose values depend (at least in part) on the value of Minera. This circular dependence makes Mr. Beaulne's analysis unreliable.
66. Because Grupo Mexico owned majority stakes of SPCC and of Minera, the multiple for Grupo Mexico is dependent on both the value of SPCC and on the value of Minera. Similarly, Phelps Dodge owned a significant portion of SPCC, so Phelps Dodge's multiple is partly a function of SPCC's value. Because of equity stakes in one another, three out of the four companies from Mr. Beaulne's set of comparable companies have values (and hence valuation multiples) that are related to one another in some way: Grupo Mexico, SPCC, and Phelps Dodge. Antofagasta is the only comparable that has no ownership linkage to Minera, but a single company cannot be used to estimate multiples for valuation purposes.

**C. The Selection Process for Mr. Beaulne's Comparables is Arbitrary**

67. Mr. Beaulne's selection of comparables is arbitrary.

68. Mr. Beaulne selects companies only if their Total Enterprise Value is in the range of \$1.0 billion to \$12.0 billion,<sup>53</sup> without providing any justification for his selection of this particular range. In addition, Mr. Beaulne claims that he determined the set of “Selected Guideline Companies” based on his analysis of “the Screened Guideline Companies.” He describes an analysis of companies based on “qualitative factors such as business description, business segment operations, target market, and products and services offered.” However, he does not provide an explanation for the various thresholds that he used to exclude companies from his set of “Screened Guideline Companies.” What Mr. Beaulne has provided is not the description of an objective selection process and is thus not an appropriate basis for a valuation conclusion.

#### **VIII. Conclusion**

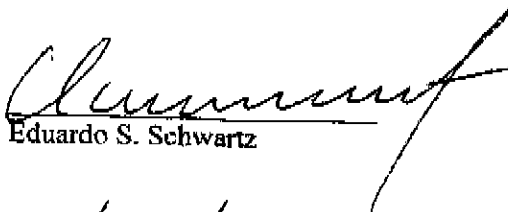
69. As demonstrated above, the most reliable way to compare the values of two mining companies for purposes such as the merger is to conduct a relative valuation of their assets using the same assumptions and methodologies for both companies. A properly conducted relative valuation of Minera and SPCC leads to the conclusion that the Minera transaction was fair to SPCC. That conclusion is robust and does not change when different underlying assumptions are used.

70. As discussed above, the “market approach” used by Mr. Beaulne suffers from additional problems that render conclusions based on it unreliable. In particular, the “comparable” companies that Mr. Beaulne uses are inappropriate.

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<sup>53</sup> Beaulne Report at page 38 footnote 84: “Capital IQ defines [Total Enterprise Value] as market capitalization minus cash plus total debt, preferred stock and minority interest.”

71. Mr. Beaulne places great weight on the difference between the DCF value of SPCC calculated by Goldman Sachs as part of its relative valuation and SPCC's market capitalization at that time. But as I demonstrated above, that difference can be easily explained by the market incorporating different assumptions (such as for the long-term price of copper) into SPCC's market price. As I demonstrated above, using long-term copper prices higher than \$0.90 per pound for the relative valuation results in a transaction more advantageous to SPCC than using \$0.90 per pound as the long-term copper price.

  
Eduardo S. Schwartz4/21/10  
Date

Eduardo S. Schwartz

VITA

(As of March 2010)

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B.Eng., University of Chile, Industrial Engineering, 1963  
M.Sc., University of British Columbia, Business Administration, 1973  
Ph.D., University of British Columbia, Business Administration, 1975

**WORK EXPERIENCE:**

1962-63	University of Chile, School of Engineering, Energy Economics, Research Assistant
1964-68	Plastix Chilena SHYF S.A., Engineer and Managing Director
1968-71	Compania Minera Santa Barbara, Chile, Production Engineer, Director and Executive Vice-President
1976	University of British Columbia, Lecturer
1976-79	University of British Columbia, Assistant Professor
1978-79	University of California, Berkeley, Visiting Assistant Professor
1979-83	University of British Columbia, Associate Professor
1982-83	London Business School, London, Visiting Scholar
1983-86	University of British Columbia, Professor
1984-86	University of British Columbia, Chair, W. M. Young Professor of Finance
1986-	University of California, Los Angeles, California Professor of Real Estate and Professor of Finance

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**PROFESSIONAL ACTIVITIES:****A.) Consultative or Similar Service to Civic, State or National Governmental Agencies:**

1. Department of Finance, Ottawa, 1981-84.
2. Municipality of Tumbler Ridge, British Columbia, 1985.
3. Department of Transport, Ottawa, 1986.
4. HUD, Washington D.C, 1988-89.
5. Freddie Mac, VA, 1991.

**B.) Other Consultative or Professional Activities:**

1. MacMillan Bloedel, Vancouver, 1984.
2. Crown Investment Corporation of Saskatchewan, Regina, 1984-85.
3. Member of Scientific Advisory Board of Wells Fargo Investment Advisors, San Francisco, 1984-1990.
4. Merrill Lynch Capital Markets, Chicago, New York, Los Angeles, 1985-1991.
5. American Express Asset Management, London, 1985.
6. Aberford Resources, Calgary, 1985.
7. CitiCorp, London, 1985-86.
8. British Petroleum, London, 1986.
9. Wells Fargo Investment Advisors, San Francisco, 1986-1990.
10. Member Research Advisory Board of LOR, Los Angeles, 1987-1989.
11. Empresa Nacional de Petrolco, Chile, 1988.
12. Union Bank of Switzerland, New York, 1990-1991.
13. Vinson & Wilkins, Houston, 1990.
14. Wells Fargo Nikko Investment Advisors, San Francisco, 1990-91.
15. Analysis Group, Los Angeles, 1991.
16. Hill Samuel Bank, London, 1992.
17. Board of Directors, PIMCO, 1992-94.
18. Pacific Stock Exchange, Advisory Group, 1991-92.
19. Credit Swiss, Zurich, 1992.
20. Swiss Bank Corporation, Basel, 1992.
21. AMGEN, Thousand Oaks, 1992-94.
22. Citicorp, New York, 1993.
23. CS First Boston, New Zealand, 1994.
24. Nikko Securities, Tokyo, 1995-1998.
25. Unocal, Los Angeles, 1995.
26. ARCO, Los Angeles, 1995.
27. Analysis Group, Los Angeles, 1995.
28. Analytic-TSA Global Asset Management, 1995.
29. McKinsey & Co., New York, 1997.
30. UBS, Zurich, 1997-98.
31. Smith Breeden Associates, Inc. Board of Directors, 1996-2008.

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32. Finance Consulting Editor, Addison-Wasley, 2000-2007.
33. California State Land Commission, 2002.
34. Covington & Burling, Washington, D.C., 2003-2005.
35. HSBC, Vancouver, BC, 2003-2005.

C.) Associate Editor of Scholarly Journals:

1. The Journal of Finance, 1983 -2000.
2. Revue de L'Association Francaise de Finance, 1983-1986.
3. Journal of Financial and Quantitative Analysis, 1983-2003.
4. Journal of Financial Economics, 1987-1997.
5. The Journal of Real Estate Finance and Economics, 1987-1997.
6. Ingenieria de Sistemas, 1987-1995.
7. Journal of Financial Services Research, 1990-1999.
8. Fineco, 1990-1993.
9. Canadian Journal of Administrative Sciences, 1990-1996.
10. The Journal of Fixed Income, 1991-
11. AREUEA Journal, 1992-1996.
12. Estudios de Economia, 1992-
13. Review of Derivatives Research, 1994-2006.
14. Real Estate Economics, 1997-2001.
15. Emerging Markets Quarterly, 1997-2001.
16. Journal of Computational Finance, 1997-2007.
17. European Financial Management, 1997-
18. Journal of Energy Finance and Development, 1998-2000.
19. Journal of Financial Studies, 2000-
20. Energy Economics, 2000-
21. Financial Management, 2002-2005.
22. Estudios de Administracion, 2002-

D.) Awards and Honors:

1. First prize in the 1981 Prize Competition of the Institute for Quantitative Research in Finance for the best paper and presentation: "Bond Pricing and Market Efficiency" (joint with M. J. Brennan).
2. Graduate Teaching Excellence Award for 1985/86, Faculty of Commerce and Business Administration, University of British Columbia.
3. The Greenwich Capital Markets Investment Prize for the best paper in the area of investments presented at the 1989 Meeting of the American Finance Association ("Stochastic Convenience Yield and the Pricing of Oil Contingent Claims," joint with Rajna Gibson), December 1990.
4. Citibank Teaching Award, 1991-92, Anderson Graduate School of Management, University of California, Los Angeles.
5. Teaching Award, Executive MBA Class of 1995, Anderson Graduate School of

- Management, University of California, Los Angeles.
6. Fellow of the American Finance Association, 2000.
  7. Research Associate of the NBER, 2000.
  8. Fellow of the Financial Management Association, 2000.
  9. The Graham and Dodd Award for Rational Pricing of Internet Companies, given to the best paper published in the Financial Analysts Journal during the year 2000.
  10. Distinguished Scholar, Eastern Finance Association, April 2001.
  11. Doctor Honoris Causa, Universidad de Alicante, Spain, October 2001.
  12. Neidorf "Decade" Teaching Award, UCLA Anderson School, 2006.
  13. The Edwin Mills Best Paper Award for 2007 for "Commercial Office Space: Tests of a Real Options Model with Competitive Interactions" (joint with W. Torous). This award is given annually to the author(s) of the best paper published in *Real Estate Economics*.
  14. Doctor Honoris Causa, Copenhagen Business School, Denmark, April 2008.
  15. "Catedra de Excelencia", University Carlos III Madrid, Spain, Spring 2009.

E.) Officer in Professional Societies:

1. American Finance Association: Director (1986-88), Vice-president (1994), President-elect and Program Chairman (1995), President (1996), and Director (1997-1999).
2. Western Finance Association: Director (1981-83), Vice-president (1989), Program Chairman (1990) and President (1991).

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**Books:**

1. Schwartz, E.S. and Trigeorgis, L., Real Options and Investment Under Uncertainty: Classical Readings and Contributions, editors, MIT Press, 2001.

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3. Brennan, M.J. and Schwartz, E.S., "Duration, Bond Pricing and Portfolio Management," in Innovations in Bond Portfolio Management: Duration Analysis and Immunization, Bierwag, G.O., Kaufman, G. and Toevs, A. (Eds.), JAI Press (1983).
4. Brennan, M.J. and Schwartz, E.S., "Asset Pricing in a Small Economy: A Test of the Omitted Assets Model," in Capital Market Equilibria, Bamberg, G., and Spremann, K. (Eds.), Springer Verlag (1986).

5. Heinkel, R. and Schwartz, E.S. "Precommitment to Equity Financing Choices in a World of Asymmetric Information," in Recent Developments in Corporate Finance, Edwards, J., Franks, J., Mayer, C., and Schaefer, S. (Eds.), Cambridge University Press (1986).
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7. Gibson, R., and Schwartz, E.S., "Valuation of Long Term Oil-Linked Assets" in Stochastic Models and Option Values: Applications to Resources, Environment and Investment Problems, Dederik Lund (ed.). North Holland, (1991).
8. Schwartz, E.S. and Torous, W.N., "Caps on Adjustable Rate Mortgages: Valuation, Insurance and Hedging," in NBER Conference Book, Financial Markets and Financial Crises, Hubbard, R.G. (ed.). University of Chicago Press (1991).
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11. Schwartz, E.S. and Zurita, S., "Sovereign Debt: An Economic Perspective," in Recent Developments in International Banking and Finance, Sarkis J. Khoury (Ed.), Blackwell (1992), Volume 6, pp. 75-96.
12. Gibson, R. and Schwartz, E.S., "The Pricing of Crude Oil Futures Options Contracts," in Advances in Futures and Options Markets, Volume 6, Don M. Chance and Robert R. Trippi (Ed.), JAI Press Inc. (1993), pp. 291-311.
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14. Schwartz, E.S. and Moon, M., "Evaluation of Research and Development Investments," in Innovation, Infrastructure and Strategic Options, M. J. Brennan and L. Trigeorgis (eds), Oxford University Press, (2000), pp. 85-106.
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2. Schwartz, E.S., "The Valuation of Warrants: Implementing a New Approach," Journal of Financial Economics, 4, 79-93 (1977); reprinted in Options: Classical Approaches to Pricing and Modeling, edited by Lane Hughston, RISK Books, 1999.
3. Brennan, M.J. and Schwartz, E.S., "Savings Bonds, Retractable Bonds and Callable Bonds," Journal of Financial Economics, 5, 67-88 (1977).
4. Boyle, P.P. and Schwartz, E.S., "Equilibrium Prices of Guarantees Under Equity-

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5. Brennan, M.J. and Schwartz, E.S., "The Valuation of American Put Options," The Journal of Finance, 32, 2, 449-462 (May 1977).
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  23. Brennan, M.J. and Schwartz, E.S., "A Note on the Geometric Mean Index," Journal

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  36. Hughes, P. and Schwartz, E.S., "The LIFO/FIFO Choice: An Asymmetric Information Approach," The Journal of Accounting Research, 26, 41-58 (1989).
  37. Schwartz, E.S., and Torous, W.N., "Prepayment and the Valuation of Mortgage Backed Securities," Journal of Finance, 44:5, 375-392 (June 1989).
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  40. Morck, R., Schwartz, E.S., and Stangeland, D., "The Valuation of Forestry Resources Under Stochastic Prices and Inventories," Journal of Financial and Quantitative Analysis, 24:4, 473-488 (December 1989).
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43. Franks, J.R. and Schwartz, E.S., "The Stochastic Behavior of Market Variance Implied in the Prices of Index Options: Leverage, Volume and Other Effects," Economic Journal, 101, 1460-1475 (November 1991).
44. Schwartz, E.S., and Torous, W.N., "Prepayment, Default and the Valuation of Mortgage Pass-Through Securities," Journal of Business, 65:2, 221-239, April 1992.
45. Longstaff, F.A. and Schwartz, E.S., "Interest Rate Volatility and the Term Structure: A Two-Factor General Equilibrium Model," Journal of Finance, 47:4, 1259-82, (September 1992).
46. McConnell, J.J. and Schwartz, E.S. "The Origin of LYONs: A Case Study in Financial Innovation," Journal of Applied Corporate Finance, 4:4, 40-47, (Winter 1992).
47. Schwartz, E.S. and Zurita, S., "Sovereign Debt: Optimal Contract, Underinvestment and Forgiveness," Journal of Finance, 47:3, 981-1004 (July 1992).
48. Longstaff, F.A. and Schwartz, E.S., "A Two Factor Interest Rate Model and contingent Claims Valuation," Journal of Fixed Income, 2:3, 16-23, (December 1992).
49. Longstaff, F.A. and Schwartz, E.S., "Interest Rate Volatility and Bond Prices," Financial Analysts Journal, 70-74 (July/August 1993).
50. Grunbichler, A. and Schwartz, E.S., "The Volatility of the German and Swiss Equity Market," Financial Markets and Portfolio Management 7:2, 1993, 205-215.
51. Cortazar, G., and Schwartz E.S., "A Compound Option Model of Production and Intermediate Inventories," Journal of Business, 66:4, 517-540 (October 1993).
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54. Hughes, P.J., Schwartz, E.S. and Thakor, A.V., "Capital Structure and the LIFO/FIFO Choice," Journal of Accounting, Auditing and Finance, 9:1, 1-19 (Winter 1994).
55. Cortazar, G. and Schwartz, E.S., "The Valuation of Commodity Contingent Claims," Journal of Derivatives, 1:4, 27-39 (Summer 1994).
56. Grunbichler, A., Longstaff, F.A., and Schwartz, E.S., "Electronic Screen Trading and the Transmission of Information: An Empirical Examination," Journal of Financial Intermediation, 3, 166-187 (1994).
57. Longstaff, F.A. and Schwartz, E.S., "Comments on "A Note on Parameter Estimation in the Two-Factor Longstaff and Schwartz Interest Rate Model,"" The Journal of Fixed Income, 3:4, 101-102 (March 1994).
58. Schwartz, E.S. and Venezia, I., "The Determinants of Bond Call Premia: Theory and Empirical Tests," Journal of Financial Services Research, 8, 243-256 (December 1994).
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60. Longstaff, F.A. and Schwartz, E.S., "A Simple Approach to Valuing Risky Fixed and Floating Rate Debt," The Journal of Finance, 50:3, 789-819 (July 1995).

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7. "Revolution in World Financial Markets," 38th Annual Forecasting Conference, UCLA, December 1987.
8. "Arbitrage in Stock Index Futures," Nanzan University, Nagoya, Japan, January 1988.
9. "Bond Portfolio Insurance," Nikko Securities Seminar, Tokyo, January 1988.
10. Portfolio Insurance and Financial Market Equilibrium," i) Berkeley Program in Finance, Santa Barbara, March 1988; ii) University of Utah, Salt Lake City, March 1988; iii) Champéry Conference, Switzerland, March 1988; iv) University of Washington, Seattle, May 1988; v) University of British Columbia, Vancouver, May 1988; vi) Duke University, North Carolina, September 1988; vii) Indiana University, Bloomington, September 1988; viii) Ohio State University, Columbus, September 1988.
11. Dynamic Hedging Strategies," Frontiers of Options and Futures Strategies, UCLA, May 1988.
12. "Arbitrage in Stock Index Future," i) Miller Conference, Maui, June 1988; ii) HEC Conference, Paris, July 1988.
13. "The Stochastic Behavior of Market Variance Implied in the Price of Index Options," HEC Conference, Paris, July 1988.
14. "State of the Art on Debt Option Pricing," Institute for International Research,

- London, July 1988.
15. "Portfolio Insurance," University of Chile, Santiago, December 1988.
  16. "Prepayments and the Valuation of Mortgage Backed Securities," i) University of British Columbia, Vancouver, November 1988; ii) University of New Mexico, Albuquerque, March 1989; iii) Northwestern University, Evanston, Illinois, April 1989.
  17. "Portfolio Insurance," i) Laval University, Quebec City, April 1989; ii) University of Bergen, Norway, August 1989.
  18. "Debt Option Pricing Model," conference on Recent Developments of International Banking and Finance, Palm Springs, April 1989.
  19. "The Valuation of Long Term Oil-Linked Assets," i) University of British Columbia, Vancouver, June 1989; ii) London Business School, London, July 1989; iii) Conference on Stochastic Models and Option Prices, Loen, Norway, September 1989; iv) University of Chile, November 1989.
  20. "Recent Developments on Debt Options Pricing Models," Institute for International Research, London, July 1989.
  21. "Options and Futures," i) Tokyo, July 1989; ii) Riordan Program, UCLA, August 1989; iii) University of Chile, November 1989.
  22. "Prepayment, Default and the Valuations of Mortgage Backed Securities," i) Vanderbilt University, Nashville, October 1989; ii) University of Rochester, Rochester, October 1989; iii) International Conference in Finance, Paris, June 1990.
  23. "Stochastic Convenience Yield and the Pricing of Oil Contingent Claims," i) London Business School, July 1989; ii) University of Chile, November 1989; iii) International Conference, Italy, June 1990.
  24. "Caps on Adjustable Rate Mortgages: Valuation, Insurance and Hedging," i) NBER Conference on Financial Crises, Florida, March 1989; ii) University of British Columbia, April 1989.
  25. "Recent Developments on the Term Structure," i) Nikko-LOR Seminar, Tokyo, January 1990; ii) Berkeley Program in Finance, Napa, March 1990.
  26. "Recent Developments on the Term Structure and the Pricing of Interest Rate Options," Institute for International Research, London, July, 1990.
  27. "Sovereign Debt: Optimal Contract, Underinvestment and Forgiveness," i) London School of Economics, London, July 1990; ii) University of California, Los Angeles, July 1990; iii) University of British Columbia, Vancouver, July 1990; iv) Stanford University, Palo Alto, December 1990; v) Indiana University, Bloomington, August 1991.
  28. "Market Volatility," Institute for International Research, London, January 1991.
  29. "New Financial Products and Strategies," University of Chile, January 1991.
  30. "Interest Rate Volatility and the Term Structure: A Two-Factor General Equilibrium Model," i) University of Colorado, Boulder, March 1991; ii) University of St. Gallen, Switzerland, June 1991; iii) Research Institute of the Finnish Economy, Helsinki, June 1991; iv) International Conference in Finance (AFFI), Louvain-La-Neuve, Belgium, July 1991; v) The Second Summer Symposium of the European Science Foundation Network in Financial Markets, Gerzensee, Switzerland, July 1991; vi)

- University of Geneva, Switzerland, July 1991; vii) University of British Columbia, August 1991; viii) Washington University, St. Louis, October 1991; ix) Harvard University, Cambridge, October 1991; x) New York University, New York, October 1991; xi) Columbia University, New York, October 1991; xii) University of California, Los Angeles, November 1991.
31. "Evaluation of Natural Resource Investments," i) University of Colorado, Boulder, March 1991; ii) Australian Graduate School of Management, Sydney, September 1992.
  32. "Sovereign Debt: An Economic Perspective," Recent Developments in International Banking and Finance, Berlin, May 1991.
  33. "Latest Developments in Term Structure Modeling and Pricing Interest Rate Options," Institute of International Research, London, July 1991.
  34. "New Financial Products and Strategies," University of Zurich, Switzerland, May 1991.
  35. "Latest Developments in Term Structure Modeling and Pricing Interest Rate Options," Institute of International Research, London, July 1992.
  36. "The Valuation of Commodity Contingent Claims," i) University of British Columbia, Vancouver, August 1992; ii) Australian Graduate School of Management, Sydney, September 1992; iii) University of Michigan, Ann Arbor, October 1992; iv) University of Osaka, Japan, January 1993.
  37. National University of Singapore-UCLA Executive Program, Singapore, September 1992, i) "New Approaches to Capital Budgeting," ii) "Derivative Securities," iii) "Hedging Interest Rate Risk."
  38. Instituto Tecnológico de Monterrey-UCLA Executive Program. Monterrey, Mexico, October 1992. Cuernavaca, February 1993. Puerto Vallarta, October 1993. Puerto Vallarta, October 1994, i) "Value Based Management," ii) "New Approaches to Capital Budgeting," iii) "Derivative Securities," iv) "Financial Engineering."
  39. "Implementation of Longstaff-Schwartz two factor model of the term structure," i) Nansan University, Nagoya, Japan, January 1993; ii) First Mathematical Finance Symposium, Tokyo, Japan, January 1993; iii) Institute for International Research, London, January 1993; iv) Price Waterhouse, London, January 1993.
  40. "A Compound Option Model of Production and Intermediate Inventories," i) MIT, Cambridge, Mass., March 1993; ii) Federal Reserve Board, Washington D.C., March 1993; iii) University of British Columbia, Vancouver, July 1993; iv) University of Perugia, Italy, September 1993.
  41. "Recent Developments in Financial Engineering," IESA, Caracas, Venezuela, March 1993.
  42. "Commodity Price Movements and the Valuation of Commodity Contingent Claims," Institute of International Research, London, July 1993.
  43. "Strategic Asset Allocation," i) University of North Carolina, November 1993; ii) Stanford University, Palo Alto, December 1993; iii) University of California, Berkeley, December 1993; iv) Universidad Católica de Chile, Santiago, December 1993; v) Universidad de Chile, Santiago, December 1993; vi) Texas Christian University, Fort Worth, April 1994; vii) IESA, Caracas, Venezuela, June 1994; viii)

- USC, Los Angeles, May 1995; ix) UC Irvine, Irvine, June 1995; x) University of Odense, Denmark, September 1995; xi) University of Lousanne, Switzerland, September 1995; xii) University of Chicago, May 1996.
44. "The Valuation of Risky Debt: A New Approach," i) Conference on Financial Innovation : 20 Years of Black/Scholes and Merton, Duke University, North Carolina, November 1993; ii) American Stock Exchange Options & Derivatives Colloquium, Keynote presentation, New York, March 1994; iii) Texas Christian University, Fort Worth, April 1994; iv) European Institute for Financial Analysis and Portfolio Management, Geneva, June 1994; v) University of British Columbia, Vancouver, July 1994.
  45. "Derivative Securities and Financial Engineering," i) Universidad Catolica de Chile, Santiago, April 1994; ii) Green Honors Public Lecture, Texas Christian University, Fort Worth, April 1994; iii) Universidad Catolica de Chile, Santiago, December 1994.
  46. "Derivatives: The Risks," UCLA Forecasting Conference, September 1994.
  47. "Nuevos Metodos en la Administracion Financiera," UCLA Extension program in Mexico City, September 1994.
  48. "Evaluation of Research and Development Investments," i) Universidad Catolica de Chile, Santiago, December 1994; ii) University of British Columbia, Vancouver, August 1995; iii) University of Siena, Italy, September 1995; iv) University of Lousanne, Switzerland 1995.
  49. "The Term Structure of Interest Rates and the Longstaff-Schwartz Two Factor Model," Nikko Research Center, Tokyo, January 1995.
  50. "Interest Rate Models and Huge Derivative Losses," International Bond Congress, London, September 1995.
  51. "Recent Developments on Interest Rate Modeling and Yield Curve Dynamics," Institute for International Research, London, September 1995.
  52. "Continuous Time Models in Finance," Istitute for International Research, London, September 1995.
  53. "Financial Engincering: A Case Study in Contingent Claims Analysis," University of Lousanne, Switzerland, September 1995.
  54. "The Risks of Derivatives," Anderson Faculty Speaker Series, Los Angeles, April 1996.
  55. "Financial Engineering: Strategies for Value Creation," ITAM, Mexico City, April 1996.
  56. "The Use of Treasury Bill Futures in Strategic Asset Allocation Programs," i) University of California, Riverside, May 1996; ii) University of Vienna, Austria, June 1996; iii) University of British Columbia, Vancouver, July 1996; iv) Nikko Securities Research Seminar, Tokyo, October 1996; v) New York University, New York, December 1996; vi) Columbia University, New York, December 1996; vii) EHESS, Marseille, June 1998 ; viii) Workshop in Finance, Segovia, Spain, July 1998.
  57. Keynote Speaker at the 1996 Texas Finance Symposium: "Strategic Asset Allocation," Texas Christian University, Forth Worth, October 1996.
  58. "Valuation of Risky Debt and Credit Derivatives," Nikko Securities, October 1996.
  59. "Risk Management and Financial Engineering," Universidad Catolica de Chile,

- Santiago, December 1996.
60. "The Stochastic Behavior of Commodity Prices: Implications for Valuation and Hedging," i) Duke University, Chapel Hill, March 1997; ii) Wharton School, Philadelphia, March 1997; iii) Rice University, Houston, March 1997; iv) London Business School, April 1997; v) University of British Columbia, July 1997.
  61. "Short Term Variations and Long Term Dynamics in Commodity Prices," i) Mathematical Finance Day, Boston University, April 1998; ii) EHESS, Marseille, June 1998 ; iii) Workshop in Finance, Segovia, Spain, July 1998; iv) University of British Columbia, Vancouver, August 1998; v) University of California, Santa Barbara, November 1998; vi) Technion, Haifa, Israel, December 1998; vii) Hebrew University, Jerusalem, Israel, December 1998.
  62. "Derivatives and Risk Management," The Seventh Conference on the Theories and Practices of Security and Financial Markets, Kaohsiung, Taiwan, December 1998.
  63. "New Approaches to Capital Budgeting" Faculty Seminar, UCLA, February 1999.
  64. "Valuing American Options by Simulation: A Simple Least-Squares Approach," University of British Columbia, Vancouver, July 1999.
  65. "Real Options Approach to Valuation," i) Oregon State University, Corvallis, Oregon, October 1999; ii) Tulane University, New Orleans, March 2000.
  66. "Rational Pricing of Internet Companies," i) Anderson Board of Visitors Retreat, Indian Wells, October 1999; ii) Universidad Catolica de Chile, Santiago, October 1999; iii) University of British Columbia, Vancouver, December 1999; iv) Anderson Board of Visitors, Los Angeles, January 2000; v) Concordia University, Montreal, April 2000; vi) Mathematical Finance Group, Montreal, April 2000; vii) Fields Institute, Toronto, April 2000; viii) Kline Hawkes 2000 Annual Meeting, Los Angeles, May 2000; ix) ITAM, Mexico City, May 2000; x) Keynote Speaker, Campus for Finance, WHU, Vallendar, Germany, January 2001; xi) CMIE Anderson Conference, UCLA, Los Angeles, February 2001.
  67. "Rational Pricing of Internet Companies and High-Tech Projects," i) Amsterdam Institute of Finance, Amsterdam, October 2000; ii) Amsterdam Institute of Finance, Amsterdam, May 2001.
  68. "Rational Pricing of Internet Companies Revisited," i) University of Arizona, April 2001; ii) Harvard University, April 2001; iii) Carnegie Mellon University, May 2001; iv) Princeton University, May 2001; v) University of Amsterdam, Holland, May 2001; vi) Insead, France, May 2001; vii) Academia Sinica, Taipei, June 2001; viii) Peking University, Beijing, June 2001; ix) Universidad de Alicante, Spain, October 2001; x) Universidad Catolica de Chile, December 2001; xi) Quantitative Investment Association, Los Angeles, June 2002.
  69. "Patents and R&D as Real Options," i) RiskLab Conference, Madrid, October 2001; ii) CEMFI, Madrid, October 2001; iii) Universidad de Valencia, Spain, October 2001; iv) UCLA School of Public Health, October 2001; v) Universidad Catolica de Chile, December 2001; vi) ITAM, México City, April 2002; vii) New York University, April 2002; viii) Emory University, Atlanta, April 2002; ix) University of Maryland, April 2002; x) CIRANO, Montreal, May 2002.
  70. "Opciones Reales," Instituto MEFF, Madrid, May 2002.

71. "R&D Investments with Competitive Interactions," i) Vanderbilt University, Nashville, October 2002; ii) Simon Fraser University, Vancouver, BC, March 2003; iii) University of Utah, Salt Lake City, March 2003.
72. "La Gestion del Riesgo Financiero: Evidencia Internacional," Santiago, Chile, December 2002.
73. "Introduction to Real Options and Patents and R&D," Global Association of Risk Professionals, Los Angeles, February 2003.
74. "A Model of R&D Valuation and the Design of Research Incentives," i) University of Rochester, Rochester, NY, April 2003; ii) New York University, New York, April 2003; iii) University of Texas at Austin, October 2003; iv) California State at Fullerton, October 2003; v) University of British Columbia, Vancouver, April 2004; vi) University of Calgary, Calgary, April 2004; vii) University of Alberta, Edmonton, April 2004; viii) Fields Institute, Toronto, May 2004; ix) Indian School of Business, Hyderabad, December 2004; x) Duke-UNC joint seminar, Chapel Hill, April 2005; x) LUISS University, Rome, March 2006.
75. "Valuation of R&D Projects," MIT, Cambridge, April 2003.
76. "Term Structure Estimation in Low-Frequency Transaction Markets: A Kalman Filter Approach with Incomplete Panel-Data," University of Verona, Italy, June 2003.
77. "Homeownership as a Constraint on Asset Allocation," i) UBC Summer Conference, Tofino, August 2004; ii) University of California, Berkeley, February 2005; iii) La Sapienza University, Rome, March 2006.
78. "Real Asset and Portfolio Management," Keynote talk at the Gutmann Center Symposium, University of Vienna, March 2006.
79. "Risk Management: Effect on Firm Value", Universidad Catolica de Chile, January 2007.
80. "Valuation of commodity derivatives", i) Conference on Commodity and Energy, University of London, January 2007. ii) Danish Society of Financial Analysts, September 2007.
81. "Real options with uncertain maturity and competition," i) Universidad Catolica de Chile, March 2007. ii) University of Cassino, Italy, May 2007. iii) UBC, Vancouver, June 2007. iv) Norwegian School of Economics and Business Administration, Bergen, September 2007. v) Madrid Finance Workshop, Spain, March 2009.
82. "Illiquid assets and optimal portfolio choice", i) Copenhagen Business School, September 2007. ii) University of Chicago, June 2008. iii) Nanzan University, Nagoya, Japan, July 2008. iv) Madrid Finance Workshop, Spain, March 2009. v) University of Piraeus, Greece, May 2009.
83. "Commodity derivatives and real options", i) Bocconi University, Milan, Italy, March 2008. ii) Honorary Finance Symposium, Copenhagen Business School, Denmark, April 2008. iii) Indian School of Business, Hyderabad, September 2008. iii) Universidad Carlos III Madrid, Spain, May 2009. iv) Universidad de Valladolid, Spain, May 2009. v) CENFI, Madrid, Spain, May 2009.
84. "Options Trading Activity and Firm Valuation", i) Vienna University of Economics and Business Administration, Austria, November 2008. ii) Goethe-University Frankfurt, Germany, April 2009. iii) Universidad Carlos III, Madrid, Spain, June



- 2009.
85. "The US financial crisis of 2007-09". i) Universidad Carlos III Madrid, Spain, April 2009. ii) Banco Santander, Madrid, Spain, April 2009. iii) Universidad Pablo de Olavide, Seville, Spain, May 2009. iv) Pontificia Universidad Catolica de Chile, Santiago, December 2009.
  86. "Towards a Common European Monetary Union Risk Free Rate", i) UBC Winter Finance Conference, Whistler, Canada, March 2010.

**Papers Presented at Professional Societies since 1986:**

1. "Time Dependent Variance and the Pricing of Bond Options," American Finance Association, New Orleans, December 1986.
2. "Arbitrage in Stock Index Futures," Western Finance Association, San Diego, June 1987.
3. Discussant, Western Finance Association, San Diego, June 1987.
4. "Arbitrage in Stock Index Futures," Western Economic Association, Vancouver, July 1987.
5. "Stationary Portfolio Insurance Policies," European Finance Association, Madrid, September 1987.
6. Discussant, European Finance Association, Madrid, September 1987.
7. "Time Invariant Portfolio Insurance Strategies," American Finance Association, Chicago, December 1987.
8. Discussant, American Finance Association, Chicago, December 1987.
9. "The Valuation of Long Term Oil-Linked Assets," European Finance Association, Stockholm, September 1989.
10. "Stochastic Convenience Yield and the Pricing of Oil Contingent Claims," American Finance Association, Atlanta, December 1989.
11. "Sovereign Debt: Optimal Contract, Underinvestment and Forgiveness," American Finance Association, New Orleans, January 1992.
12. "Sovereign Debt: Optimal Contract, Underinvestment and Forgiveness," French Finance Association, Paris, June 1992.
13. "Current Research on Theories of the Term Structure of Interest Rates," 1992 Financial Management Association Doctoral Student Consortium, San Francisco, October 1992.
14. "The Valuation of Commodity Contingent Claims," Western Finance Association, Whistler, June 1993.
15. "A Compound Option Model of Production and Intermediate Inventories," Invited Speaker at the French Finance Association Meetings in La Baule, July 1993.
16. "A Compound Option Model of Production and Intermediate Inventories," European Finance Association Meetings, Copenhagen, Denmark, August 1993.
17. "A Compound Option Model of Production and Intermediate Inventories," Invited speaker at the annual meetings of the Association of Applied Mathematics to Economic and Social Sciences (AMASES), Ischia, Italy, September 1993.
18. "Strategic Asset Allocation," Keynote address at the Northern Finance Association

- Meetings, Vancouver, September 1994.
19. "A Simple Approach to Valuing Risky Fixed and Floating Rate Debt," American Finance Association Meetings, Washington D.C., January 1995.
  20. "The Use of Treasury Bill Futures in Strategic Asset Allocation Programs," Keynote address at the Sixteenth International Symposium on Forecasting, Istanbul, Turkey, June 1996.
  21. "The Stochastic Behavior of Commodity Prices: Implications for Valuation and Hedging," Presidential Address at the American Finance Association meetings in New Orleans, January 1997.
  22. "Short Term Variations and Long Term Dynamics in Commodity Prices," Keynote address at the European Finance Association Meetings in Vienna, August 1997.
  23. "Valuing Long Term Commodity Assets," Keynote address at the Financial Management Association Meetings in Honolulu, October 1997.
  24. "Short Term Variations and Long Term Dynamics in Commodity Prices," Keynote address at the Asia-Pacific and Nippon Finance Association Meetings in Tokyo, July 1998.
  25. "Short Term Variations and Long Term Dynamics in Commodity Prices," Keynote address at the Conference on the Theories and Practices of Security and Financial Markets, Kaohsiung, Taiwan, December 1998.
  26. "Short Term Variations and Long Term Dynamics in Commodity Prices," Keynote address at the Annual Australasian Finance and Banking Conference, Sydney, Australia, December 1998.
  27. "Real Options Approach to Valuation," keynote address at the 1999 FMA European Conference, Barcelona, Spain, June 1999.
  28. "Real Options Approach to Valuation," invited address to the Latin American Meetings of the Econometric Society, Cancun, Mexico, August 1999.
  29. "Real Options Approach to Valuation," keynote address to the American Association of Risk and Insurance, Vancouver, Canada, August 1999.
  30. "Real Options Approach to Valuation," keynote address to the LACEA meetings in Santiago, Chile, October 1999.
  31. "Valuing American Options by Simulation: A Simple Least-Squares Approach," invited talk The First World Congress of the Bachelier Finance Society, College de France, Paris, June 2000.
  32. "Rational Pricing of Internet Companies," invited talk German Finance Association meetings in Konstanz, October 2000.
  33. "Valuing American Options by Simulation: A Simple Least-Squares Approach," Financial Mathematics Conference, IPAM, UCLA, January 2001.
  34. "Valuing Investments in Information Technology as Real Options," American Finance Association Meetings in New Orleans, January 2001.
  35. "Rational Pricing of Internet Companies Revisited," Distinguished Scholar, Eastern Finance Association, April 2001.
  36. "Rational Pricing of Internet Companies Revisited," keynote address, Real Options Conference, UCLA, July 2001.
  37. "Patents and R&D as Real Options," Global Derivatives and Risk Management

- Conference, Barcelona, May 2002.
38. "Valuing American Options by Simulation: A Simple Least-Square Approach," Derivatives Day, Amsterdam, May 2002.
  39. "A Model of R&D Valuation and the Design of Research Incentives," WFA meetings in Vancouver, June 2004.
  40. "Homeownership as a Constraint on Asset Allocation," Euro Working Group on Financial Modelling, Brescia, Italy, May 2005.
  41. "A Model of R&D Valuation and the Design of Research Incentives," Keynote talk in the Festkolloquium in honour of Phelim Boyle, University of Waterloo, June 2006.
  42. "Real options with uncertain maturity and competition," Keynote talk at the 40<sup>th</sup> Euro Working Group Financial Modelling, Rotterdam, May 2007.
  43. "Real options with uncertain maturity and competition," Interdisciplinary Center Herzliya, Israel, May 2007.
  44. "Commodity derivatives and real options", keynote presentation at the Asian Finance Association/Nippon Finance Association 2008 International Conference in Yokohama, Japan, July 2008.

## Documents Relied Upon

### ACADEMIC TEXTBOOKS

- Benninga, Simon Z., Oded H. Sarig (1997), Corporate Finance: A Valuation Approach, The McGraw-Hill Companies, Inc., p. 330.
- Damodaran, Aswath (2002), Investment Valuation: Tools and Technique for Determining the Value of Any Asset (2nd Ed), John Wiley & Sons, Inc., p. 462.
- Damodaran, Aswath (1994), Damodaran on Valuation: Security Analysis for Investment and Corporate Finance, John Wiley & Sons, Inc., p. 16.
- Pratt, Shannon P., Roger J. Grabowski (2008), Cost of Capital: Applications and Examples (3rd Ed), John Wiley & Sons, Inc., p. 319.

### ACADEMIC PAPERS

- Bowman, Chakriya, Aasim M. Husain (2004), "Forecasting Commodity Prices: Futures Versus Judgement," IMF Working Paper, March 2004, pp. 1-27.
- Cashin, Paul, C. John McDermott (2002), "The Long-Run Behavior of Commodity Prices: Small Trends and Big Variability," IMF Staff Papers, Vol. 49, No. 2, pp. 175-199.

### ANALYST REPORTS

- "Mining Weekly – What's on this Week in Mining", Orion Securities, March 21, 2005.

### BATES DOCUMENTS

- GS-SPCC 011737.pdf
- GS-SPCC 054346.xls
- GS-SPCC 056578.xls
- GS-SPCC 085542.xls

### COMPANY FILINGS

- Annual Report 2003 filed April 16, 2004, Grupo Mexico S.A. de C.V.
- CEO's Report: Results 3Q2004, October 28, 2004, Grupo Mexico S.A. de C.V.
- Form 8-K filed October 21, 2004, Southern Peru Copper Corporation.
- Form 10-K for the fiscal year ended December 31, 2004 filed March 16, 2005, Southern Peru Copper Corporation.
- Form 10-K for the fiscal year ended December 31, 2005 filed March 13, 2006, Southern Peru Copper Corporation.

### DATA SOURCES

- Bloomberg
  - BB Rated US Industrial 30-Years Yield (10/1/04 – 10/29/04).
  - B- Rated US Industrial 30-Years Yield (10/1/04 – 10/29/04).
- Damodaran's Research
  - ([http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/data.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/data.html))
    - Research on Betas by Sector for 2004

## EXHIBIT B

- Discount Rate Estimation: Levered and Unlevered Betas by Industry 2004.
- Research on Country Default Spreads and Risk Premiums for 2004
  - Discount Rate Estimation: Risk Premiums for Other Markets 2004.
- Federal Reserve Bank of Philadelphia
  - Third Quarter 2004 Survey of Professional Forecasters, August 20, 2004.
- The Center for Research in Security Prices (“CRSP”)
  - Stock data for Southern Peru Copper Corporation (PCU) (1/12/96 – 6/30/05).
- U.S. Department of the Treasury
  - Daily Treasury Yield Curve Rates (1/1/90 – 11/30/09).

### LEGAL DOCUMENTS

- Deposition of Luis Miguel Palomino Bonilla, November 19, 2009.

## Southern Peru Copper Corporation Shares Issuance

Source: Expert Report of Daniel Beaulne dated March 16, 2010; *Bloomberg*; *Cost of Capital*; Company Filings; Damodaran's Research; Deposition of Luis Miguel Palomino Bonilla dated November 19, 2009; GS-SPCC 011737; GS-SPCC 054346; GS-SPCC 056578; GS-SPCC 085542

<b>WACC Calculation</b>			
	<b>Inputs</b>		<b>Beaulne's Inputs</b>
<b>Risk Free Rate<sup>1</sup></b>	4.76%		4.8%
<b>Market Risk Premium<sup>2</sup></b>	4%		4%
<b>Inflation Rate<sup>3</sup></b>	2.50%		2.50%
	<b>MM</b>	<b>SPCC</b>	
<b>Tax Rate<sup>4</sup></b>	32.50%	35.00%	32.5%
<b>Capital Structure<sup>5</sup></b>			
<b>Debt to Value Ratio</b>	15.54%	15.54%	21.2%
<b>Equity to Value Ratio</b>	84.46%	84.46%	78.8%
<b>Debt to Equity Ratio</b>	18.39%	18.39%	26.9%
<b>Cost of Equity</b>			
<b>Unlevered Equity Beta<sup>5</sup></b>	0.871	0.871	0.74
<b>Levered Equity Beta</b>	0.979	0.975	0.87
<b>Country Risk Premium<sup>6</sup></b>	1.80%	2.18%	1.80%
<b>Cost of Equity</b>	10.48%	10.84%	10.1%
<b>Cost of Debt<sup>7</sup></b>	7.30%	7.55%	7.3%
<b>Nominal WACC</b>	9.62%	9.92%	9.0%
<b>Real WACC<sup>8</sup></b>	6.94%	7.23%	6.5%

<b>Discounted Cash Flow and Share Issuance</b>		
	<b>Inputs</b>	<b>Beaulne's Inputs</b>
<b>Tax Benefit<sup>9</sup></b>	0%	0%
<b>Synergies<sup>10</sup></b>	Not Included	Not Included
<b>Royalty Tax on SPCC's Net Revenue<sup>11</sup></b>	2.00%	N/A
<b>Discount Rate Spread</b>	0.29%	N/A
<b>Long-Term Copper Price<sup>12</sup></b>	\$0.90/lb	\$0.90/lb
<b>MM Equity Value (millions)<sup>13</sup></b>	\$1,703.93	\$1,854.00
<b>SPCC Equity Value (millions)<sup>13</sup></b>	\$1,999.39	N/A
<b>SPCC Shares to be Issued (millions)</b>	67.61	41.2

Note:

[1] 20-Year Government Bond, Federal Reserve Statistical Release, October 21, 2004.

[2] *Cost of Capital* – Equity risk premium on a world diversified portfolio.

[3] Survey of Professional Forecasters, Federal Reserve Bank of Philadelphia, dated August 20, 2004.

[4] Minera Mexico ("MM"): Grupo Mexico's 2003 Annual Report, p. 42. Average of 2004 and 2005 Mexican income tax rate. Southern Peru Copper Corp. ("SPCC"): Assumed effective tax rate to be 35% as per Goldman Sachs' assumption (GS-SPCC 085542).

[5] Capital structure and Unlevered Beta are based on Research on Betas by Sector for 2004 by Aswath Damodaran for the Metals & Mining (Diversified) industry.

[6] Country Risk Premium is based on Research on Country Default Spreads and Risk Premiums for 2004 by Aswath Damodaran for Mexico and Peru.

[7] MM: BB Rated 30 Year US Industrial Yield as of October 21, 2004. SPCC: BB Rated 30 Year US Industrial Yield as of October 21, 2004 + Difference in default spread between Peruvian and Mexican Country Rating (as relied upon from "Risk Premiums for Other Markets" research by Damodaran).

[8] Real WACC is calculated using Fisher's equation:  $\text{Real WACC} = (1 + \text{Nominal WACC}) / (1 + \text{Inflation Rate}) - 1$

[9] Beaulne assumed 0% of the tax benefit will apply. This assumption is mirrored to eliminate a point of contention. Luis Miguel Palomino Bonilla suggested during his deposition on 11/19/09 (158:24 – 159:21) that some, if not all, of the \$131 million of tax benefit should apply.

[10] Goldman Sachs, Anderson & Schwab, and Beaulne assumed no synergies in their valuation.

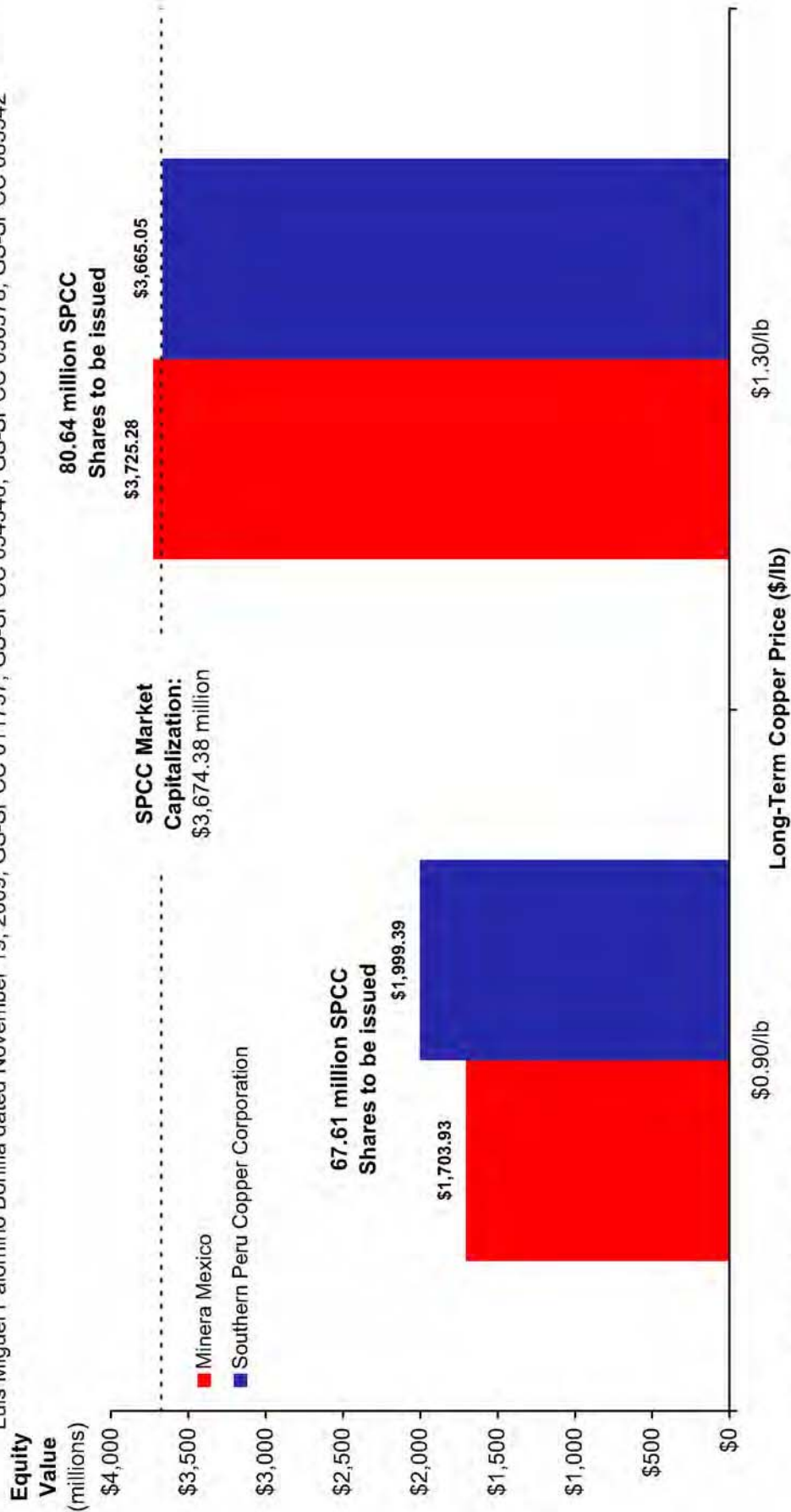
[11] Royalty tax rate of 2% is assumed; the mid-point of estimated range, 1–3%.

[12] Goldman Sachs, Anderson & Schwab, and Beaulne assumed a long-term copper price of \$0.90/lb.

[13] Equity value is determined using a modified version of Goldman Sachs' discounted cash flow analysis for MM (GS-SPCC 054346) and SPCC (GS-SPCC 085542) with adjustment for Beaulne's metal price estimates. The 2004 Free cash flows and discount factors are adjusted for the period from merger announcement (10/21/04) and year end 2004 (12/31/04) per Beaulne's Minera Mexico valuation.

# SPCC Shares Issuance Sensitivity using Higher Long-Term Copper Price

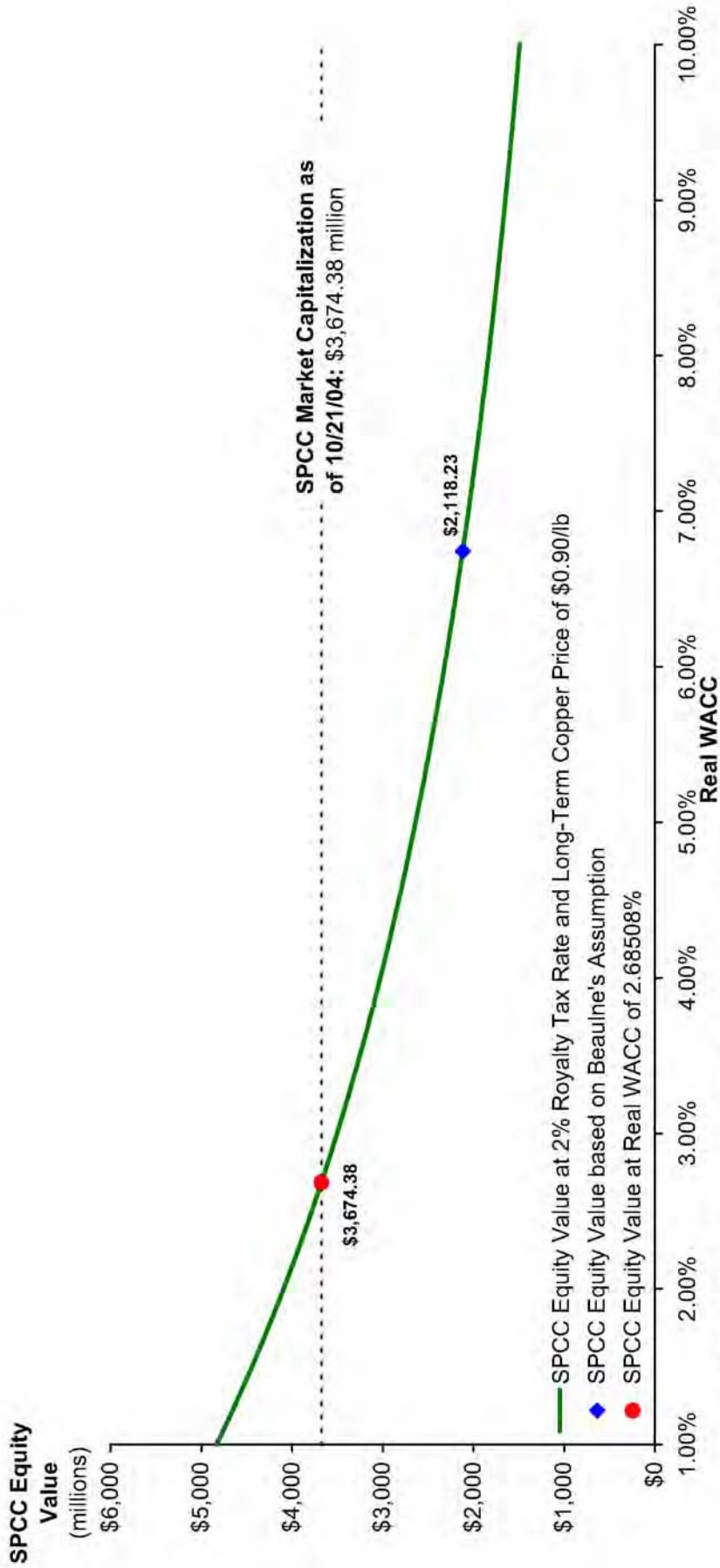
Source: Expert Report of Daniel Beaulne dated March 16, 2010; *Bloomberg*; *Cost of Capital*; Company Filings; Damodaran's Research; Deposition of Luis Miguel Palomino Bonilla dated November 19, 2009; GS-SPCC 011737; GS-SPCC 054346; GS-SPCC 056578; GS-SPCC 085542



Note: Equity values are determined using modified versions of Goldman Sachs' discounted cash flow analysis for Minera Mexico ("MM") (GS-SPCC 054346) and Southern Peru Copper Corporation ("SPCC") (GS-SPCC 085542) with adjustments for Beaulne's modifications. SPCC's market capitalization of \$3,674.38 million is calculated using closing price, \$45.92 and shares outstanding, 80,016,985 on 10/21/04. Long-term copper price of \$1.302241/lb is required to calculate equity value of SPCC equal to market capitalization.

# Southern Peru Copper Corporation Equity Value WACC Sensitivity Under Beaulne's Assumptions

Source: Expert Report of Daniel Beaulne dated March 16, 2010; Damodaran's Research; GS-SPCC 011737; GS-SPCC 085542



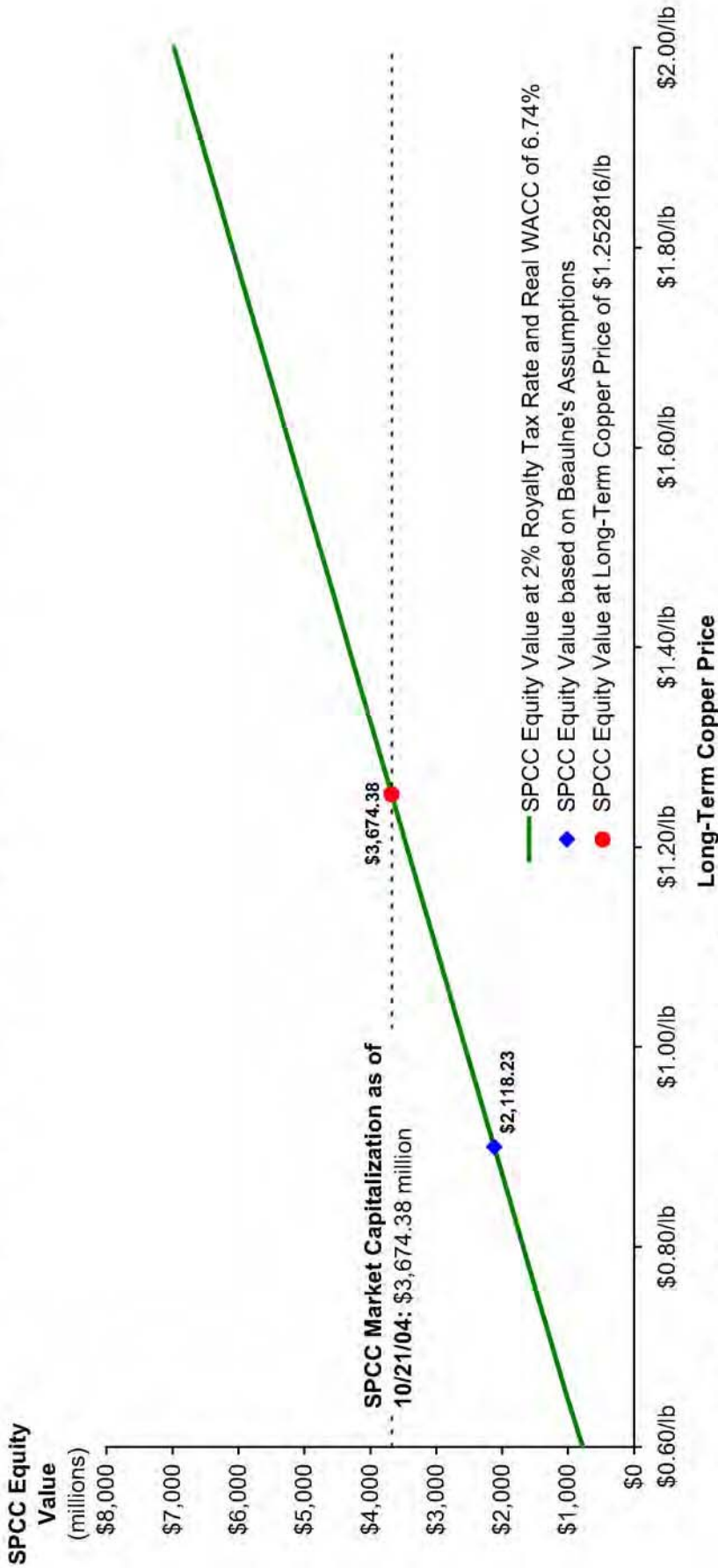
Note: Southern Peru Copper Corporation's ("SPCC") WACC is calculated under the same assumptions and methodology as Exhibit 2 of Beaulne's Expert report dated March 16, 2010 except for modifications to the Country Risk Premium and Tax Rate. Equity value is determined using a modified version of Goldman Sachs' discounted cash flow analysis for SPCC (GS-SPCC 085542) with adjustment for Beaulne's modifications. SPCC's market capitalization is calculated using closing share price of \$45.92 on 10/21/04 and share outstanding of 80,016,985 shares. Real WACC of 2.68508% is derived by solving for the real WACC while holding SPCC's equity value (with long-term copper price at \$0.90/lb) to be equal to its market capitalization.



# Southern Peru Copper Corporation Equity Value

## Long-Term Copper Price Sensitivity Under Beaulne's Assumptions

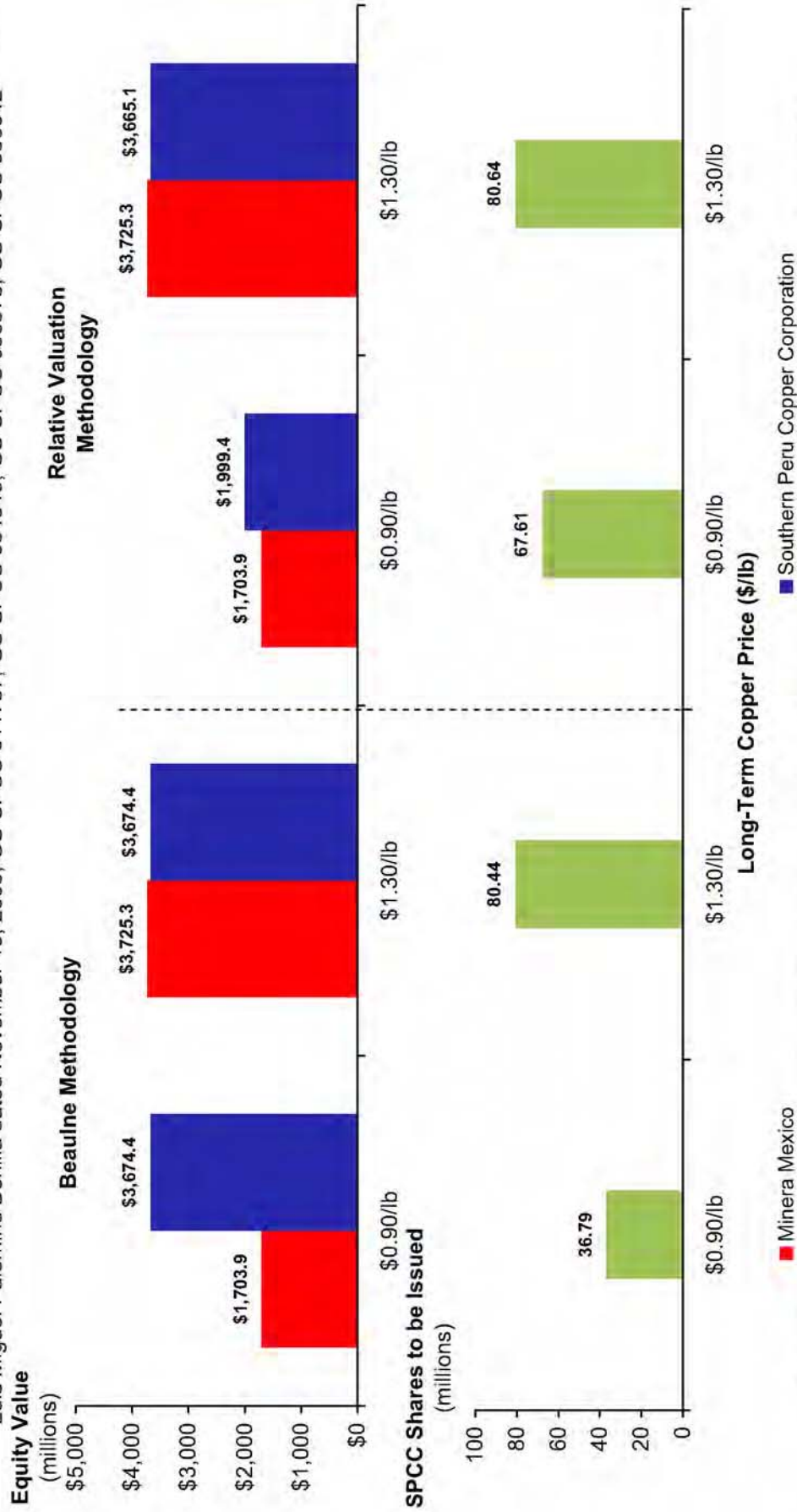
Source: Expert Report of Daniel Beaulne dated March 16, 2010; Damodaran's Research; GS-SPCC 011737; GS-SPCC 085542



Note: Southern Peru Copper Corporation's ("SPCC") WACC is calculated under the same assumptions and methodology as Exhibit 2 of Beaulne's Expert report dated March 16, 2010 except for modifications to the Country Risk Premium and Tax Rate. Equity value is determined using a modified version of Goldman Sachs' discounted cash flow analysis for SPCC (GS-SPCC 085542) with adjustment for Beaulne's modifications. SPCC's market capitalization is calculated using closing share price of \$45.92 on 10/21/04 and share outstanding of 80,016,985 shares. Long-term copper price of \$1.252816/lb is derived by solving for the long-term copper price while holding SPCC's equity value (with real WACC of 6.74%) to be equal to its market capitalization.

# Impact of Uncertainty in Copper Price on Number of SPCC Shares to be Issued

Source: Expert Report of Daniel Beaulne dated March 16, 2010; *Bloomberg*; *Cost of Capital*; Company Filings; Damodaran's Research; Deposition of Luis Miguel Palomino Bonilla dated November 19, 2009; GS-SPCC 011737; GS-SPCC 054346; GS-SPCC 056578; GS-SPCC 085542



Note: Equity values are determined using modified versions of Goldman Sachs' discounted cash flow analysis for Minera Mexico ("MM") (GS-SPCC 054346) and Southern Peru Copper Corporation ("SPCC") (GS-SPCC 085542) with adjustments for Beaulne's modifications. SPCC's market capitalization of \$3,674.38 million is calculated using closing price, \$45.92 and shares outstanding, 80,016,985 on 10/21/04.

# Southern Peru Copper Corporation

## Equity Value as Calculated with Goldman Sachs' Discounted Cash Flow Analysis

### Under Beaulne's Assumptions

Source: Expert Report of Daniel Beaulne dated March 16, 2010;  
Damodaran's Research; GS-SPCC 011737; GS-SPCC 085542

#### WACC Calculation<sup>1</sup>

	<u>Inputs</u>
Risk Free	4.8%
Market Risk Premium	4%
Inflation Rate	2.5%
Tax Rate <sup>2</sup>	35%
Capital Structure	
Debt to Value Ratio	21.2%
Equity to Value Ratio	78.8%
Debt to Equity Ratio	26.9%
Cost of Equity	
Unlevered Equity Beta	0.74
Levered Equity Beta	0.87
Country Risk Premium <sup>3</sup>	2.18%
Cost of Equity	10.45%
Cost of Debt	7.3%
Nominal WACC	9.24%
<b>Real WACC</b>	<b>6.74%</b>

#### Discounted Cash Flow Inputs

	<u>Inputs</u>
Royalty Tax on SPCC's Net Revenue <sup>4</sup>	2.00%
Long-Term Copper Price <sup>5</sup>	\$0.90/lb
<b>SPCC Equity Value (millions)<sup>6</sup></b>	<b>\$2,118.23</b>

Note:

[1] Southern Peru Copper Corporation's ("SPCC") WACC is calculated under the same assumptions and methodology as Exhibit 2 of Beaulne's Expert report dated March 16, 2010 except for modifications to the Country Risk Premium and Tax Rate.

[2] Assumed effective tax rate to be 35% as per Goldman Sachs' assumption (GS-SPCC 085542).

[3] Country Risk Premium is based on Research on Country Default Spreads and Risk Premiums for 2004 by Aswath Damodaran for Peru.

[4] The mid-point of 2% for the 1% to 3% range is chosen for the royalty tax rate.

[5] Beaulne assumed a long-term copper price of \$0.90/lb.

[6] SPCC's discounted cash flow was modified to adjust for the period between the fairness opinion date (10/21/04) and end of 2004 (12/31/04) as well as for Beaulne's metal prices estimates.

# Southern Peru Copper Corporation Valuation

## Under Beaulne's Market Approach Methodology

Source: Expert Report of Daniel Beaulne dated March 16, 2010; GS-SPCC 085542  
(All dollar figures in millions)

	CY 2004E		CY 2005E		Median
	EBITDA	EBIT	EBITDA	EBIT	
<b>Comparable Companies Multiples<sup>1</sup></b>					
Antofagasta	4.39	5.09	5.45	6.45	
Grupo Mexico	4.26	5.25	4.72	5.91	
Phelps Dodge	4.80	6.17	4.27	5.23	
<b>Median Multiple</b>	4.39	5.25	4.72	5.91	
<b>Operating Metric<sup>2</sup></b>	\$671.6	\$583.7	\$601.5	\$496.4	
<b>Implied Enterprise Value</b>	\$2,948.3	\$3,064.5	\$2,839.3	\$2,933.7	\$2,941.0
<b>Net Debt<sup>3</sup></b>	-\$15.0	-\$15.0	-\$15.0	-\$15.0	
<b>Implied Equity Value</b>	<b>\$2,963.3</b>	<b>\$3,079.5</b>	<b>\$2,854.3</b>	<b>\$2,948.7</b>	<b>\$2,956.0</b>

Note:

[1] Comparable company multiples as cited in Exhibit 4 of Expert Report of Daniel Beaulne dated March 16, 2010.

[2] Figures represent Southern Peru Copper Corporation's EBITDA and EBIT from a modified version of Goldman Sachs' free cash flow model (GS-SPCC 085542) adjusted for Beaulne's metal prices estimates.

[3] Net Debt as cited in Goldman Sachs' discounted cash flow model for SPCC (GS-SPCC 085542).