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April 28, 2003

VIA FEDERAL EXPRESS

Ms. Pamela A. Tanis
RISK ENTERPRISE MANAGEMENT, LTD.
59 Maiden Lane
New York, New York 10038

MAY -1 2003

**Re: Pinal Creek Insurance Litigation
Settlement with PDMI and Inspiration**

Dear Ms. Tanis:

At the direction of Matt Jacobs, common counsel for PDMI and Inspiration, enclosed are four original executed copies of the Settlement Agreement. Please contact me if you have any questions.

Very truly yours,

Snell & Wilmer, LLP


G. Van Velsor Wolf, Jr.

GVW:mj
Enclosures

cc: Matthew L. Jacobs, Esq. (w/enc)

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (this "Agreement"), is made by and among (i) The Home Insurance Company ("Home"), (ii) Inspiration Consolidated Copper Company ("Inspiration"), and (iii) Phelps Dodge Miami, Inc. (formerly known as Cyprus Miami Mining Corporation) and its parent corporation Phelps Dodge Corporation (together "Phelps Dodge").

RECITALS

- A. Home (or predecessors of Home) issued certain insurance policies to The Anaconda Company under which Inspiration is an insured. Subsequent to the issuance of these policies, Phelps Dodge acquired certain assets from Inspiration.
- B. Inspiration and Phelps Dodge were defendants in, or otherwise faced liability or potential liability, in the following matters:
1. United States Environmental Protection Agency 1986 Administrative Order ("Finding of Violation and Order," Docket No. IX-FY86-78, dated July 28, 1986) requiring Inspiration and Phelps Dodge to drain Webster Lake located on the Pinal Creek Site.
 2. 1989 Arizona Department of Environmental Quality Decision Record (issued by Randolph Wood, Director of Arizona Department of Environmental Quality on May 8, 1989) directing the investigation and remediation of the Pinal Creek Site in accordance with the Arizona Water Quality Assurance Revolving Fund.
 3. Arizona v. Cyprus Miami Mining Corp. et al., case 97-1789-PHX-SMM in United States District Court for the District of Arizona.
 4. Wilkes et al. v. Cyprus Miami Mining Corp. et al., case 94-0275-PHX-EHC in United States District Court for the District of Arizona.
 5. Pinal Creek Group v. Newmont Mining Corp. et al., case 91-1764-PHX-WPC in United States District Court for the District of Arizona.
- C. In addition to the matters described in Recital B, Inspiration and Phelps Dodge have incurred, and may in the future incur, liabilities and expenses in connection with actual or alleged environmental pollution or contamination at, emanating from, or otherwise attributable to the Pinal Creek Site (as defined below) in Maricopa County, Arizona.
- D. As a result of the matters described in Recitals B and C, Inspiration and Phelps Dodge initiated coverage litigation against certain insurance companies (including Home) in the Superior Court of Maricopa County, in the State of Arizona, captioned Inspiration and Phelps Dodge v. The American Ins. Co., et al., No. CV 98-000530 (the "Coverage Lawsuit"). Phelps Dodge was eventually dismissed as a plaintiff from the Coverage Lawsuit. The Coverage Lawsuit includes the complaint and any and all amended complaints. Although Phelps Dodge was dismissed as a plaintiff from the Coverage Lawsuit, Inspiration continued to seek recovery of costs incurred by Phelps Dodge.
- E. Without admission of any kind, Home and Inspiration wish to terminate the Coverage Lawsuit as between themselves, and Home on one hand, and Inspiration and Phelps Dodge on

the other hand, wish to (i) resolve all past, present and future claims of any nature whatsoever arising from the Pinal Creek Site, and (ii) resolve all past, present and future "Environmental Claims" (as defined below) arising anywhere in the world, all as more fully set forth in this Agreement.

NOW, THEREFORE, the parties hereto, for good and sufficient consideration, the sufficiency of which is hereby acknowledged, understand and agree to the following terms and conditions:

Section 1. Approval By The New Hampshire Department of Insurance

This Agreement, and the settlement memorialized herein, is subject to regulatory approval. Home will recommend approval of this Agreement by the Rehabilitator (or her designee) appointed in the case captioned In the Matter of the Rehabilitation of The Home Insurance Company pending in the Superior Court of New Hampshire, Merrimack County.

Section 2. Payment By Home

Home shall pay the settlement amount of \$2.5 million (\$2,500,000.00). This settlement amount shall be net of any self-insurance features including, without limitation, retrospective premiums, deductibles, or self-insured retentions, in the Phelps Dodge Policies or the Inspiration Policies (as defined below). Home's payment is due within 30 days of the later of (i) full execution of this Agreement, or (ii) approval by the Rehabilitator (or her designee) appointed in the case captioned In the Matter of the Rehabilitation of The Home Insurance Company pending in the Superior Court of New Hampshire, Merrimack County. Home's payment shall be made to Inspiration. The designation of Inspiration as the payee is at the express request of Inspiration and Phelps Dodge, and Phelps Dodge expressly waives any right to assert a failure of consideration in connection with this Agreement. Home shall not be responsible for allocation or distribution of the settlement payment among Inspiration, Phelps Dodge, or any other individual or entity. Home shall not be responsible for tax consequences to Phelps Dodge, Inspiration or any other individual or entity of Home's settlement payment.

Section 3. Certain Definitions

3.1 "Asbestos Premises Claims" means actual or alleged liability arising out of exposure to asbestos while on Inspiration's premises or on premises under Inspiration's custody or control.

3.2 "Environmental Claims" means any and all claims, demands, actions, suits or proceedings arising from, or related in any way to, the alleged, threatened or actual presence, discharge, dispersal, release, migration, seepage, movement, escape, of or exposure to, any harmful or injurious substance or material of any kind, nature or form whatsoever, including but not limited to smoke, vapors, soot, fumes, acids, alkalis, chemicals, metals, oil, liquids, gases, waste, irritants, contaminants, pollutants or thermal, electric, magnetic or electromagnetic emissions, or the effects thereof. By way of added specificity only, and without limiting the foregoing, "Environmental Claims" includes but is not limited to requests and demands by state and federal agencies for investigation and clean-up of pollution or contamination and for

damages to natural resources. "Environmental Claims" does not include "Asbestos Premises Claims."

3.3 "Inspiration Policies" means any and all insurance policies issued by Home or any predecessor of Home (i) to Inspiration (or any predecessor of Inspiration), (ii) under which Inspiration is or may be an insured or an additional insured, or (iii) under which Inspiration may otherwise have any right, title or interest. "Inspiration Policies" includes, but is not limited to policies HEC-9544659, HEC-9664095, HEC-9794705, and HEC-9208301, which were issued to The Anaconda Company and certain other additional insureds, including Inspiration.

3.4 "Phelps Dodge Policies" means any and all insurance policies issued by Home or any predecessor of Home (i) to Phelps Dodge Miami, Inc. and/or to Phelps Dodge Corporation or any other affiliate of Phelps Dodge Corporation, (ii) under which either Phelps Dodge Miami, Inc. and/or Phelps Dodge Corporation are or may be insureds or additional insureds, or (iii) under which Phelps Dodge Miami, Inc. and/or Phelps Dodge Corporation may otherwise have any right, title or interest. "Phelps Dodge Policies" do not include the "Inspiration Policies."

3.5 "Pinal Creek Site" means the Pinal Creek WQARF Site as defined by the Arizona Department of Environmental Quality.

Section 4. Pinal Creek Site Release

4.1 Phelps Dodge and Inspiration each hereby fully, finally and completely release and discharge Home from all claims and causes of action whatsoever, known and unknown, anticipated and unanticipated, past, present and future arising out of, or related in any way to, the Pinal Creek Site. By way of added specificity only, and without limiting the foregoing, the releases and discharges provided in this Section 4 include but are not limited to Environmental Claims and Asbestos Premises Claims arising from the Pinal Creek Site.

4.2 By way of example only, and not by way of limitation to the generality of Section 4.1, Phelps Dodge and Inspiration shall not seek to recover, or assert any claim for, additional payments or performance from Home (including but not limited to investigation, remediation or response costs) in the event that (i) any individuals or entities (including but not limited to owners, tenants or residents of adjacent, nearby or downstream properties) allege property damage, bodily injury or personal injury caused by contamination or pollution at, emanating from, or traceable to the Pinal Creek Site, (ii) any individuals or entities seek contribution or indemnification from Phelps Dodge and Inspiration arising out of pollution or contamination at, emanating from, or traceable to the Pinal Creek Site or the effects thereof, (iii) any government department or agency (for example, the United States Environmental Protection Agency) makes new or more extensive demands on Phelps Dodge and Inspiration arising from contamination or pollution at, emanating from, or traceable to the Pinal Creek Site, including asserting claims for damage or injury to natural resources, or seeking recovery of response costs or any other costs, or (iv) additional or more extensive pollution or contamination than is now known or suspected to be at, emanating from, or traceable to the Pinal Creek Site is discovered or alleged.

4.3 The releases and discharges provided in Section 4.1 and 4.2 extend to all claims arising or assertable by, through, under or by virtue of the Inspiration Policies and the Phelps Dodge Policies.

Section 5. Release of Other (Non-Pinal Creek Site) Environmental Claims

5.1 Inspiration and Phelps Dodge each hereby fully, finally and completely release and discharge Home from any and all Environmental Claims known and unknown, anticipated and unanticipated, past, present and future arising out of, or traceable to, any site in the world.

5.2 By way of example only, and not by way of limitation to the generality of Section 5.1, Phelps Dodge and Inspiration shall not seek to recover, or assert any claim for, additional payments or performance from Home in the event that (i) any individuals or entities allege property damage, bodily injury or personal injury caused by contamination or pollution, (ii) any individuals or entities seek contribution or indemnification from Phelps Dodge and Inspiration arising out of pollution or contamination, or the effects thereof, (iii) any government department or agency (for example, the United States Environmental Protection Agency) makes demands on Phelps Dodge and Inspiration arising from contamination or pollution, including asserting claims for damage or injury to natural resources, or seeking recovery of response costs or any other costs, or (iv) pollution or contamination than is not now known or suspected is subsequently discovered or alleged.

5.3 The releases and discharges provided in Section 5.1 and 5.2 extend to all claims arising or subject to being asserted by, through, under or by virtue of the Inspiration Policies only. Phelps Dodge does not release Environmental Claims under Phelps Dodge Policies, except for such claims (if any) that arise (i) from the operations of Anaconda and Inspiration, (ii) by virtue of Phelps Dodge's actual or alleged ownership interest in, control of, or acquisition of Anaconda, Cyprus Amax Minerals Company and/or Inspiration, or (iii) from Phelps Dodge's ownership of, or operations at, the Pinal Creek Site.

Section 6 Explicit Mutual Release of Future and Unknown Claims

6.1 It is the express intention of the parties to extinguish certain categories of future claims (including future claims predicated on facts or circumstances not presently known or anticipated by the parties), including specifically (i) claims arising from the Pinal Creek Site, all as more fully specified in Section 4, and (ii) Environmental Claims arising from sites other than the Pinal Creek Site, all as more fully specified in Section 5. Accordingly, Inspiration, Phelps Dodge and Home acknowledge that they are aware that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Agreement, but that it is the intention of Inspiration and Phelps Dodge to hereby fully, finally and completely settle and release all matters described in Sections 4 and 5, known or unknown, suspected or unsuspected, which now exist, may in the future exist, or heretofore existed. In furtherance of such intention, the releases and discharges given herein shall be and shall remain in effect as full and complete releases and discharges notwithstanding the discovery or existence of any such additional or different facts. Inspiration, Phelps Dodge and Home each hereby further waive irrevocably any and all rights they may have to reform, rescind, modify, or set aside all or any portion of this Agreement by reason of mutual or unilateral mistake, or for any other reason.

6.2 Without limiting the generality of Section 6.1, Inspiration, Phelps Dodge and Home recognize that some of the Inspiration Policies and the Phelps Dodge Policies may be incomplete, missing or presently unknown, but it is the express intention of Inspiration, Phelps Dodge and Home that the releases and discharges provided in this Agreement shall remain fully effective and enforceable in the event that (i) additional portions of presently incomplete policies

are discovered or located, (ii) presently missing policies are discovered or located, or (iii) presently unknown policies are discovered or located. In any such event, the releases and discharges provided in this Agreement shall be deemed to automatically extend to and encompass those additional policies, or portions of policies, without further action being required by either Inspiration, Phelps Dodge or Home.

Section 7. Claims Handling Release

Inspiration and Phelps Dodge each hereby fully and completely releases and discharges Home and Risk Enterprise Management, Limited ("REM")(which manages the business of Home) from any claim for actual, compensatory or punitive damages based upon any allegation of bad faith, unfair claims practice or other act or omission (including delay), or tortious conduct and dealings by or on behalf of Home in connection with the investigation, handling, adjustment or settlement of insurance claims by Inspiration and by Phelps Dodge arising from (i) Home's defense of the Coverage Lawsuit, (ii) the Pinal Creek Site, and (iii) all other Environmental Claims that are released pursuant to this Agreement.

Section 8. Scope of Releases

8.1 The releases and discharges provided herein by Inspiration, Phelps Dodge and Home shall extend to and bind (i) all past, present and future officers, directors, shareholders, trustees, agents, attorneys and employees, subsidiaries, corporate affiliates, related entities and predecessors of Inspiration, Phelps Dodge and Home, and (ii) all individuals and entities that are or purport to be insureds, named insureds, additional insureds, and/or loss payees under the Inspiration and Phelps Dodge Policies, and their respective past, present and future officers, directors, shareholders, trustees, agents, attorneys and employees, subsidiaries, corporate affiliates and related entities, and (iii) all individuals and entities asserting claims against Home under, by, or through the Inspiration Policies.

8.2 Notwithstanding anything else to the contrary in this Agreement, Inspiration and Phelps Dodge do not and cannot release claims under insurance policies issued to The Anaconda Company that may be asserted against Home by other individuals or entities who are or purport to be insureds under those policies, but (i) on behalf of whom neither Inspiration nor Phelps Dodge have the right to release claims, or (ii) over whom neither Inspiration nor Phelps Dodge have control as of the effective date of this Agreement.

8.3 Whether or not expressly stated, the parties expressly intend that the releases, discharges and indemnities provided in this Agreement shall encompass and fully run to each of Home and Risk Enterprise Management, Limited ("REM")(which manages the business of Home) to the same extent as if each was specifically named throughout, and to every subsidiary, corporate affiliate or other related entity of each of Home and REM, and all of their respective past, present and future officers, directors, shareholders, trustees, agents, attorneys and employees.

Section 9. Dismissal of the Coverage Lawsuit

Inspiration shall promptly take all appropriate and necessary actions, including preparing and filing all necessary motions, to dismiss Home with prejudice as a party to the Coverage Lawsuit, with each party to this Agreement to bear its own attorneys' fees, expenses, and all other costs based on or arising out of the Coverage Lawsuit, including this Agreement and the negotiations surrounding it.

Section 10. Indemnities

10.1. Except as provided in Sections 10.2 and 10.3 below, Phelps Dodge and Inspiration each indemnify Home and REM (up to the amount of Home's settlement payment) against (i) any and all Environmental Claims made by others under the policies that are the subject of the releases provided by this Agreement, and (ii) any and all claims by other insurers seeking recovery (contribution, indemnity, etc.) of amounts spent in connection with Environmental Claims arising from the activities of Anaconda and/or Inspiration. Except as provided in Sections 10.2 and 10.3 below, and consistent with Section 8.2, Phelps Dodge and Inspiration do not indemnify Home and REM for claims under insurance policies issued to The Anaconda Company that may be asserted by other individuals or entities who are or purport to be insureds under those policies, but (i) on behalf of whom neither Inspiration nor Phelps Dodge have the right to release claims, or (ii) over whom neither Inspiration nor Phelps Dodge have control as of the effective date of this Agreement.

10.2. Inspiration and Phelps Dodge each indemnify Home against any and all claims by any primary insurer (including but not limited to Old Republic Insurance Company) or any successor or assignee thereof for defense costs arising from the Pinal Creek Site. The indemnity provided in this Section 10.2 is unlimited in dollar amount.

10.3. Inspiration and Phelps Dodge each indemnify Home against any and all claims by any non-insurer third parties (including but not limited to BHP Copper, Inc. or any other company engaged in mining, mineral, processing or refining operations, or their respective successors or assignees) against Home pursuant to the Inspiration Policies in connection with the Pinal Creek Site. As used in this Section 10.3, the phrase "pursuant to" is not to be construed to mean only claims brought under the Inspiration Policies, but is intended to include contribution claims brought by non-insurer third-parties. The indemnity provided in this Section 10.3 is unlimited in dollar amount.

10.4. Inspiration and Phelps Dodge each indemnify Home for the costs of Home's defense. Home shall have the right to select counsel to defend it, but Home's selection of counsel shall be subject to prior approval of Inspiration and Phelps Dodge, which approval shall not be unreasonably withheld. Home shall control its own defense. In conducting its defense, Home shall allow reasonable input from Inspiration and Phelps Dodge, and will give reasonable consideration to the interests of Inspiration and Phelps Dodge. Cooperation among the parties in connection with indemnifiable claims shall not constitute a waiver of any attorney-client privilege. Inspiration and Phelps Dodge will promptly pay all defense costs, expenses and other costs incurred by Home's counsel in defending indemnifiable claims.

10.5. The total obligation of Inspiration and Phelps Dodge for all claims indemnifiable pursuant to Section 10.1 (and Section 10.4 to the extent costs incurred thereunder are attributable to claims indemnifiable pursuant to Section 10.1) shall not exceed the total monetary sum of Two Million Five Hundred Thousand Dollars (\$2,500,000)

Section 11. Reduction of Aggregate Limits

Subject to the annual aggregate limits, where applicable, and subject to the terms and conditions of the Inspiration and Phelps Dodge Policies, each of the Inspiration and Phelps Dodge Policies remains available to respond to claims other than those claims released herein.

The parties each reserve all of their respective rights with respect to claims other than those claims released herein.

Section 12. Subrogation, Assignment, etc.

12.1 Home shall not exercise any rights of subrogation that it may have or acquire by virtue of its payment of the settlement amount specified in Section 2, nor shall Home seek recovery (contribution, indemnity, etc.) from any other insurers of Anaconda and Inspiration of its settlement payment, provided, however, that Home reserves the right to assert such claims if another insurer first asserts comparable claims against Home. Nothing in this Agreement shall impair any contractual rights or obligations that Home may have vis-à-vis other of its policyholders (or their successors).

12.2 Phelps Dodge and Inspiration represent and warrant that they have not assigned or transferred any claims that they are releasing or purporting to release in this Agreement, and will not in the future make any assignment or transfer of any such claims. Phelps Dodge and Inspiration shall indemnify and hold harmless Home from any and all claims, suits, proceedings (whether at law or in equity), or arbitrations based on, or purporting to be based on, any such assignment or transfer.

Section 13. No Admissions

This Agreement is entered into solely to avoid the costs, efforts and delays of litigation, and is intended as a good faith compromise of disputed claims. Execution of, and performance of obligations under, this Agreement shall not be construed as an admission by Home that any coverage exists under any insurance policies for defense or indemnity with respect to insurance claims by Phelps Dodge and Inspiration arising from the Pinal Creek Site, from other environmental claims, or from any other matter. Nor does this Agreement or the fact or amount of Home's settlement payment evidence that any party embraces or rejects any theory of liability or coverage under the insurance policies that are the subject of the releases provided herein. This Agreement is entered into without prejudice to the parties' positions and interpretations of the terms and conditions of the policies, all of which shall be and remain fully preserved.

Section 14. Confidentiality

The terms of this Agreement are confidential, and none of Home, Phelps Dodge or Inspiration, or any subsidiary, corporate affiliate or other related entity of any of them, or their respective officers, directors, shareholders, trustees, agents, employees, or attorneys shall disclose such information to any person without the prior written consent of the other parties to this Agreement; provided, however, that such information may be disclosed:

- (a) To the officers, directors, employees, agents, attorneys, corporate affiliates (including officers, directors, employees, agents and attorneys thereof), auditors, lenders, investment bankers, and trade creditors of the parties to this agreement. The party making any such disclosure to any auditors, lenders, investment bankers, or trade creditors, of any terms of this Agreement for any reason shall obtain from the person and entity receiving the information a commitment to maintain its confidentiality.
- (b) In an action to enforce the terms of this Agreement;

- (c) By Home to its reinsurers;
- (d) When disclosure is required by law. If this Agreement, or its provisions are sought in discovery, the party receiving such a discovery demand will (i) resist production of this Agreement, and (ii) will provide the other parties with prompt written notice of such demand. If this Agreement, or its provisions, are required to be produced by or in any court the producing party will exercise reasonable efforts to secure a protective order protecting its confidentiality.
- (e) To government authorities, including tax and regulatory authorities.

In the event that Inspiration, Phelps Dodge or Home intends disclosure pursuant to discovery demands (subsection Section 14(d)), it will give at least ten (10) days' written notice to the other parties prior to disclosing such information, setting forth all information that it proposes to disclose, the identity of each person to whom the information is to be disclosed, the reasons for such disclosure and the circumstances pursuant to which disclosure is proposed to be made.

Section 15. Agreement Not Admissible

15.1 Any evidence of the existence, terms or negotiation of this Agreement will be inadmissible in any litigation other than (i) an action seeking to enforce the terms of the Agreement, (ii) in connection with a judicial determination of the reasonableness or fairness of this Agreement, or the good faith of the parties hereto in reaching this settlement, (iii) litigation involving a reinsurer of Home, or (iv) litigation in which contribution or indemnity claims are asserted against Home.

15.2 This Agreement has been entered into, in part, in reliance upon the provisions of Rule 408 of the Arizona Rules of Evidence and Rule 408 of the Federal Rules of Evidence, that preclude the introduction of evidence regarding settlement negotiations or agreements.

Section 16. Notice Provisions

Any notices required or contemplated hereunder shall be delivered by (i) first class mail, postage prepaid, with confirming copy by fax, (ii) certified mail, postage prepaid, return receipt requested, or (iii) overnight courier such as Federal Express. Notices shall be directed to the addresses shown below, until such time as a party provides notice of a change of address.

Inspiration:

G. Van Velsor Wolf, Jr.
Snell & Wilmer, LLP
400 E. Van Buren
One Arizona Center
Phoenix, Arizona 85004
Fax: (602) 382- 6070

With a copy to counsel:

Matthew L. Jacobs
Philip H. Hecht
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Fax: (202) 778-9100

Phelps Dodge

S. David Colton
General Counsel
Phelps Dodge Corporation
One North Central Avenue
Phoenix, Arizona 85004
Fax: (602) 366-7311

With a copy to counsel:

Matthew L. Jacobs
Philip H. Hecht
Kirkpatrick & Lockhart, LLP
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Fax: (202) 778-9100

The Home Insurance
Company:

Pamela A. Tanis
Risk Enterprise Management Limited
59 Maiden Lane
New York, NY 10038
Fax: 212-530-3705

With a copy to counsel:

Robert P. Kavanaugh
Nixon Peabody LLP
Two Embarcadero Center
San Francisco, California 94111-4144
Fax: 415-984-8300

Section 17. Representation and Warranty

Inspiration and Phelps Dodge each represents and warrants that (i) they are not presently aware any other claims related to the Pinal Creek Site that are within the scope of the releases provided in this Agreement, and (ii) they are not presently aware of any Asbestos Premises Claims that relate to or arise out of the Pinal Creek Site.

Section 18. Advice of Counsel; Interpretation

18.1 This Agreement was reviewed and accepted by independent legal counsel for each of Inspiration, Phelps Dodge and Home prior to its being signed. Inspiration, Phelps Dodge and Home each (i) entered into this Agreement on the advice of its counsel, and (ii) has a full understanding of the contents and consequences of this Agreement.

18.2 Inspiration, Phelps Dodge and Home each acknowledge that no party, nor any corporate affiliate of any of them, has been pressured to accept this settlement. No promise or inducement that is not herein expressed has been made to any party or any corporate affiliate of any of them.

18.3 In executing this Agreement, the parties are not relying, nor have they relied upon, any statement or representation made by or on behalf of any other party, or by any agent, attorney or employee of any party, concerning the claims and insurance policies that are the subject of this Agreement, the disputes surrounding the coverage (if any) provided by those policies, the Coverage Lawsuit, or this Agreement.

18.4 This Agreement constitutes the entire agreement among Inspiration, Phelps Dodge and Home concerning the matters released herein. Except as specifically set forth in this Agreement, there are no representations, warranties or inducements, whether oral, written, expressed or implied, that in any way affect or condition the validity of this Agreement or alter its provisions. This Agreement may be amended only by written instrument executed by Inspiration, Phelps Dodge and Home.

18.5 This Agreement is the product of arms-length negotiation, and this Agreement shall be construed according to the rules of construction generally applicable to negotiated contracts and not according to any special rules of construction applicable to contracts of adhesion and/or insurance contracts. The language in all parts of this Agreement shall be construed as a whole according to its meaning, and not strictly for or against any party.

18.6 Section headings and captions used in this Agreement are for convenience of reference only, and shall have no legal effect or meaning in the construction or enforcement of this Agreement.

18.7 The invalidity or unenforceability of any particular provision in this Agreement shall not affect the validity or enforceability of any other provision in this Agreement, unless the elimination of the provision that is invalid or unenforceable causes the Agreement to fail of its essential purpose.

Section 19. Authority; Counterparts

19.1 Each person executing this Agreement represents and warrants that he or she has the authority and power to execute this Agreement from the party on whose behalf he or she is executing it.

19.2 This Agreement may be executed in multiple counterparts and each counterpart shall be deemed to be an original, all of which together constitute the same Agreement. All counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all signers had simultaneously signed a single signature page.

Section 20. Governing Law.

This Agreement shall be governed by and shall be construed in accordance with the laws of Arizona.

[Remainder of page left intentionally blank]

INSPIRATION, PHELPS DODGE AND HOME DECLARE THAT THE TERMS OF THIS SETTLEMENT AGREEMENT AND RELEASE HAVE BEEN FULLY UNDERSTOOD, AND ARE VOLUNTARILY ACCEPTED FOR THE PURPOSE OF MAKING A FULL AND FINAL COMPROMISE AND SETTLEMENT OF ALL CLAIMS RELEASED HEREBY.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement and Release as of the dates shown on their respective signature blocks.

Phelps Dodge Miami, Inc.
By: *S. David Colton*
Printed
Name: S. David Colton
Title: SVP & General Counsel
Date: April 24, 2003

Phelps Dodge Corporation
By: *S. David Colton*
Printed
Name: S. David Colton
Title: SVP & General Counsel
Date: April 24, 2003

Inspiration Consolidated Copper Company
By: *G. Van Velsor Wolf Jr.*
Printed
Name: G. VAN VELSOR WOLF JR.
Title: counsel
Date: April 27 2003

INSPIRATION, PHELPS DODGE AND HOME DECLARE THAT THE TERMS OF THIS SETTLEMENT AGREEMENT AND RELEASE HAVE BEEN FULLY UNDERSTOOD, AND ARE VOLUNTARILY ACCEPTED FOR THE PURPOSE OF MAKING A FULL AND FINAL COMPROMISE AND SETTLEMENT OF ALL CLAIMS RELEASED HEREBY.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement and Release as of the dates shown on their respective signature blocks.

**Risk Enterprise Management, Ltd.
on behalf of
The Home Insurance Company**

By: _____

Printed
Name: _____

Title: _____

Date: April ____, 2003