

FREEPORT MCMORAN COPPER & GOLD INC  
Form S-3  
April 13, 2004

As filed with the United States Securities and Exchange Commission on April 13, 2004.

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-3**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**Freeport-McMoRan Copper & Gold Inc.**

*(Exact name of registrant as specified in its charter)*

Delaware

1000

74-2480931

*(State or other*

*(Primary Standard Industrial Code Number)*

*(I.R.S. Employer*

*jurisdiction of incorporation*

*Identification Number)*

*or organization)*

1615 Poydras Street

New Orleans, Louisiana 70112

(504) 582-4000

*(Address, including zip code, and telephone number,*

*including area code, of registrant's principal executive offices)*

**Kathleen L. Quirk**

**Senior Vice President, Chief Financial Officer**

**and Treasurer**

**Freeport-McMoRan Copper & Gold Inc.**

**1615 Poydras Street**

**New Orleans, Louisiana 70112**

**(504) 582-4000**

*(Name, address, including zip code, and telephone*

*number, including area code, of agent for service)*

*Copy to:*

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**Approximate date of commencement of proposed sale to the public:**

From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered pursuant to dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price per Unit</b>	<b>Proposed maximum aggregate offering price(1)</b>	<b>Amount of registration fee</b>
	1,100,000			
5½% Convertible Perpetual Preferred Stock	20,682,090(3)	\$1,000	\$1,100,000,000(2)	\$139,370
		(3)	(3)	(3)
Class B Common Stock, par value \$0.10 per share				

(1)

Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended, and exclusive of accumulated dividends.

(2)

Represents the aggregate liquidation preference of the outstanding shares of 5½% convertible perpetual preferred stock.

(3)

Represents the number of shares of our class B common stock that are issuable upon conversion of the preferred stock registered hereby at a conversion rate (subject to specified adjustments) of 18.8019 shares of our class B common stock for each share of preferred stock. Pursuant to Rule 416 under the Securities Act, the number of shares of class B common stock registered hereby shall also include an indeterminate number of additional shares of class B common stock that may be issued as a result of a stock split, stock dividend, recapitalization or similar event. No separate consideration will be received for the shares of our class B common stock issuable upon conversion of the preferred stock and, therefore, no registration fee is required pursuant to Rule 457(i) under the Securities Act.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the SEC, acting pursuant to Section 8(a), may determine.**

**Subject to completion, dated April , 2004**

**Prospectus**

**[Logo]**

**1,100,000 Shares**

**Freeport-McMoRan Copper & Gold Inc.**

**5½% Convertible Perpetual Preferred Stock**

**and the Class B Common Stock**

**Issuable Upon Conversion of the 5½% Convertible Perpetual Preferred Stock**

We issued the 5½% convertible perpetual preferred stock in a private placement in March 2004. This prospectus will be used by the selling securityholders to resell their preferred stock and the common stock issuable upon the conversion of the preferred stock.

Cash dividends on the preferred stock are payable, when, as and if declared by our board of directors, out of funds legally available therefor, at the rate of 5½% per annum, quarterly in arrears, commencing May 1, 2004. Dividends on the preferred stock are cumulative from the date of original issuance. Accumulated but unpaid dividends cumulate at the annual rate of 5½%.

Each share of preferred stock has a liquidation preference of \$1,000 and is convertible, at any time, into shares of our class B common stock at a conversion rate of 18.8019 shares of class B common stock for each share of preferred stock, subject to specified adjustments.

Beginning March 30, 2009, we may redeem shares of the preferred stock by paying cash, class B common stock or any combination thereof in an amount equal to the liquidation preference, plus any accumulated and unpaid dividends to the redemption date, but only if the closing sale price of our class B common stock has exceeded 130% of the conversion price for at least 20 trading days within a period of 30 consecutive trading days ending on the trading day prior to the date we give the notice of redemption. Upon a change of control of our company, holders may require us to purchase any or all of their shares of preferred stock at the liquidation preference, plus any accumulated and unpaid dividends to the date of purchase, which we may pay either in cash, shares of our class B common stock or any combination thereof. Holders will have no other right to require us to redeem the preferred stock at any time.

For a more detailed description of the preferred stock, see "Description of the Preferred Stock" beginning on page 17.

The preferred stock is eligible for trading in the PORTAL Market of the National Association of Securities Dealers, Inc. Our class B common stock is our only class of common stock outstanding. It trades on the New York Stock Exchange under the symbol FCX. On April \_\_, 2004, the closing sale price of our class B common stock was \$\_\_\_\_\_ per share.

**Investing in the preferred stock involves risks. See "Risk Factors" beginning on page 8.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2004.

## TABLE OF CONTENTS

	<u>Page</u>	
Cautionary Notice Regarding Forward-Looking Statements		i
Summary		1
The Offering		3
Risk Factors		6
Ratio of Earnings to Fixed Charges		15
Use of Proceeds		16
Description of the Preferred Stock		16
Description of Common Stock		27
Dividend Policy		31
		7

Certain U.S. Federal Income Tax Considerations	32
Selling Securityholders	35
Plan of Distribution	36
Legal Matters	37
Experts	37
Reserves	38
Where You Can Find More Information	39

Freeport-McMoRan Copper & Gold Inc. is a Delaware corporation. Our principal executive offices are located at 1615 Poydras Street, New Orleans, Louisiana 70112 and our telephone number at that address is (504) 582-4000. Our web site is located at [www.fcx.com](http://www.fcx.com). The information on our web site is not part of this prospectus.

In this prospectus, we, us, our, FCX, Freeport-McMoRan and the company refer to Freeport-McMoRan Copper & Gold Inc. and its consolidated subsidiaries.

You should rely only on the information contained or incorporated by reference in this prospectus. We and the selling securityholders have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the selling securityholders are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.



## **CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), both as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including statements about anticipated sales volumes, production volumes, ore grades, commodity prices, development and capital expenditures, mine production and development plans, environmental reclamation and closure plans and costs, reserve estimates, economic and social conditions in our areas of operations, and exploration efforts and results; statements of the plans, strategies and objectives of management for future operations; statements regarding future economic conditions or performance; statements regarding the anticipated effects of mining accidents or other unanticipated occurrences; statements about political uncertainties, dealings with regulatory authorities or dealings with indigenous people; statements of belief; and statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "plan" or "anticipate" and other similar words. Such forward-looking statements may be contained in the sections of this prospectus entitled "Summary" and "Risk Factors," among other places.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results may differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the section of this prospectus entitled "Risk Factors" and elsewhere herein and in the documents incorporated herein by reference. All forward-looking statements contained or incorporated by reference in this prospectus are made as of the date of this prospectus or the date of the incorporated document in which they appear. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. Currently known risk factors include, but are not limited to, the factors described in the section of this prospectus entitled "Risk Factors." We urge you to review carefully this section for a more complete discussion of the risks of an investment in the preferred stock.

## SUMMARY

*This summary highlights selected information we have included in or incorporated by reference into this prospectus. It does not contain all information that may be important to you. More detailed information about the notes, our business and our financial and operating data is contained elsewhere in this prospectus. We encourage you to read this prospectus, including the section entitled Risk Factors, and the financial statements and notes thereto incorporated by reference in this prospectus, in their entirety before making an investment decision.*

### Company Overview

We are one of the world's largest copper and gold mining and production companies in terms of reserves and production. We are also one of the lowest cost copper producers in the world, after taking into account credits for related gold and silver production. Our principal asset is the Grasberg mine, which we discovered in 1988. Grasberg contains the largest single gold reserve and one of the largest copper reserves of any mine in the world.

Our principal operating subsidiary is PT Freeport Indonesia, a limited liability company organized under the laws of the Republic of Indonesia and incorporated as a corporation in Delaware. We own approximately 90.64 percent of PT Freeport Indonesia, and the Government of Indonesia owns the remaining approximate 9.36 percent. PT Freeport Indonesia mines, processes and explores for ore containing copper, gold and silver. It operates in the remote highlands of the Sudirman Mountain Range in the province of Papua (formerly Irian Jaya), Indonesia, which is on the western half of the island of New Guinea. PT Freeport Indonesia markets its concentrates containing copper, gold and silver worldwide.

PT Freeport Indonesia conducts its operations pursuant to an agreement, called a Contract of Work, with the Government of Indonesia. The Contract of Work allows us to conduct extensive mining, production and exploration activities in a 24,700-acre area that we call Block A, which contains the Grasberg mine, and governs our rights and obligations relating to taxes, exchange controls, royalties, repatriation and other matters. The Contract of Work also allows us to explore for minerals in an approximately 500,000 acre area that we call Block B. Exploration activities in Block B have been suspended since 2000. The term of our Contract of Work expires in 2021, but we can extend it for two 10-year periods subject to Indonesian government approval, which cannot be withheld or delayed unreasonably.

Another of our operating subsidiaries, PT Irja Eastern Minerals, which we refer to as Eastern Minerals, holds an additional Contract of Work in Papua covering approximately 1.2 million acres and conducts exploration activities (which have been suspended since 2000) under this Contract of Work. We have a 100 percent ownership interest in Eastern Minerals.

In 1996, we established joint ventures with Rio Tinto plc, which is an international mining company with headquarters in London, England. Rio Tinto conducts mining operations in North America, South America, Asia, Europe and southern Africa. One of our joint ventures with Rio Tinto covers PT Freeport Indonesia's mining operations in Block

A. This joint venture gives Rio Tinto, through 2021, a 40 percent interest in certain assets and in production above specified levels from operations in Block A and, after 2021, a 40 percent interest in all production in Block A. Under our joint venture arrangements, Rio Tinto also has a 40 percent interest in PT Freeport Indonesia's Contract of Work and Eastern Minerals' Contract of Work. In addition, Rio Tinto has the option to participate in 40 percent of any of our future exploration projects in Papua. To date, Rio Tinto has elected to participate in all exploration projects, including PT Nabire Bakti Mining.

Under another joint venture agreement through PT Nabire Bakti Mining, we conduct exploration activities (which have been suspended since 2000) in an area covering approximately 0.5 million acres in five parcels contiguous to PT Freeport Indonesia's Block B and one of Eastern Minerals' blocks.

At December 31, 2003, PT Freeport Indonesia's share of proven and probable recoverable reserves totaled 39.7 billion pounds of copper and 46.6 million ounces of gold, all of which are located in Block A. Our approximate 90.64 percent equity share of those proven and probable recoverable reserves totaled 36.0 billion pounds of copper and 42.2 million ounces of gold. In this prospectus, we refer to (1) aggregate reserves, which means all reserves for the operations we manage, (2) PT Freeport Indonesia's share of reserves, which means the reserves net of Rio Tinto's interest under our joint venture arrangements and which are the reserves reported as those of our operations in our consolidated financial statements and (3) our equity share of reserves, which means PT Freeport Indonesia's share net of the 9.36 percent interest that the Government of Indonesia owns.

In July 2003, we acquired the 85.7 percent ownership interest in PT Puncakjaya Power owned by affiliates of Duke Energy Corporation. Puncakjaya Power is the owner of assets supplying power to PT Freeport Indonesia's operations, including the 3x65 megawatt coal-fired power facilities.

We also smelt and refine copper concentrates in Spain and market the refined copper products through our wholly owned subsidiary, Atlantic Copper, S.A. In addition, PT Freeport Indonesia has a 25 percent interest in PT Smelting, an Indonesian company that operates a copper smelter and refinery in Gresik, Indonesia. These smelters play an important role in our concentrate marketing strategy, as approximately one-half of PT Freeport Indonesia's concentrate production has been sold to Atlantic Copper and PT Smelting over the last several years.

For further information regarding the Contracts of Work, our reserves, our joint venture agreements, our smelting and refining operations, and other aspects of our operations, we refer you to the section of our annual report on Form 10-K for the year ended December 31, 2003 entitled "Business and Properties," which is incorporated by reference in this prospectus.

Our principal executive offices are located at 1615 Poydras Street, New Orleans, Louisiana 70112 and our telephone number is (504) 582-4000. Our web site is [www.fcx.com](http://www.fcx.com). The information on our web site is not part of this prospectus.

## THE OFFERING

*The following is a brief summary of selected terms of the preferred stock. For a more complete description of the terms of the preferred stock, see the section of this prospectus entitled "Description of the Preferred Stock."*

Issuer	Freeport-McMoRan Copper & Gold Inc.
Securities offered	1,100,000 shares of 5½% Convertible Perpetual Preferred Stock, par value \$0.10 per share.
Liquidation preference	\$1,000 per share of preferred stock.
Dividends	<p>Holder of preferred stock are entitled to receive, when, as and if, declared by our board of directors, out of funds legally available therefor, cash dividends at the rate of 5½% per annum, payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year commencing May 1, 2004. Dividends on the preferred stock will be cumulative from the date of initial issuance. Accumulated but unpaid dividends cumulate at the annual rate of 5½% .</p> <p>For so long as the preferred stock remains outstanding, (1) we will not declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any junior stock or parity stock and (2) neither we, nor any of our subsidiaries, will, subject to certain exceptions, redeem, purchase or otherwise acquire for consideration junior stock or parity stock through a sinking fund or otherwise, in each case unless we have paid or set apart funds for the payment of all accumulated and unpaid dividends, including liquidated damages, if any, with respect to the shares of preferred stock and any parity stock for all preceding dividend periods. See "Description of the Preferred Stock - Dividends."</p>
Use of Proceeds	We will not receive any proceeds from the sale of the preferred stock or the underlying common stock by the selling securityholders.
Conversion	The preferred stock is convertible, at the option of the holder, at any time into shares of our class B common stock at a conversion rate of 18.8019 shares of our class B common stock per \$1,000 liquidation preference of preferred stock, which is equal to an initial conversion price of \$53.186 per share. The conversion rate may be adjusted for

certain reasons, including for any future increases in our Class B common stock dividend, but will not be adjusted for accumulated and unpaid dividends or liquidated damages, if any. Upon conversion, holders will not receive any cash payment representing accumulated dividends, if any. Instead, accumulated dividends, if any, will be deemed paid by the class B common stock received by holders on conversion. Holders will receive, however, upon conversion accrued and unpaid liquidated damages to the conversion date. See "Description of the Preferred Stock Adjustments to the Conversion Rate."

Optional redemption

We may not redeem any shares of preferred stock at any time before March 30, 2009. On or after March 30, 2009, we may redeem some or all of the preferred stock at a redemption price equal to 100% of the liquidation preference, plus accumulated but unpaid dividends, including liquidated damages, if any, to the redemption date, but only if the closing sale price of our class B common stock for 20 trading days within a period of 30 consecutive trading days ending on the trading day before the date we give the redemption notice exceeds 130% of the conversion price of the preferred stock, subject to adjustment in a number of circumstances as described under "Description of the Preferred Stock Adjustments to the Conversion Rate." We may also redeem the preferred stock at any time after March 30, 2009 if the total number of shares of the preferred stock outstanding on any quarterly dividend payment date is less than 15% of the total number of shares of the preferred stock outstanding immediately following this offering after giving effect to the exercise of the Initial Purchasers' option, if any. We may choose to pay the redemption price in cash, class B common stock, or a combination of cash and class B common stock. If we elect to pay all or a portion of the redemption price in shares of class B common stock, the class B common stock will be valued at a discount of 5% below the average of the closing sale prices for the five trading days ending on the third trading day prior to the redemption date. The terms of our debt instruments and bank credit facility currently restrict our ability to redeem shares of preferred stock for cash or stock.

If full cumulative dividends on the preferred stock have not been paid, the preferred stock may not be redeemed and we may not purchase or acquire any shares of preferred stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of preferred stock.

The preferred stock is not subject to any mandatory redemption or sinking fund provision.

Change of control

If we become subject to a change of control, each holder of shares of preferred stock will have the right to require us to purchase any or all of its shares at a purchase price equal to 100% of the liquidation preference, plus accumulated and unpaid dividends, including liquidated damages, if any, to the date of purchase. We may choose to pay the purchase price in cash, our class B common stock, or a combination of cash and our class B common stock. If we elect to

pay all or a portion of the purchase price in shares of our class B common stock, the class B common stock will be valued at a discount of 5% below the average of the closing sale prices for the five trading days ending on the third trading day prior to the purchase date. Our ability to purchase all or a portion of preferred stock for cash is subject to our obligation to repay or repurchase any outstanding debt required to be repaid or repurchased in connection with a change of control and to any contractual restrictions then contained in our debt. The terms of our debt instruments and bank credit facility currently restrict our ability to repurchase shares of preferred stock for cash or stock following a change of control.

Voting rights

Holders of preferred stock will not have any voting rights except as set forth below, as specifically provided for in our amended and restated certificate of incorporation or as otherwise from time to time required by law. Whenever (1) dividends on the preferred stock or any other class or series of stock ranking on a parity with the preferred stock with respect to the payment of dividends are in arrears for dividend periods, whether or not consecutive, containing in the aggregate a number of days equivalent to six calendar quarters, or (2) we fail to pay the redemption price on the date shares of preferred stock are called for redemption or the purchase price on the purchase date for shares of preferred stock following a change of control, then, in each case, the holders of preferred stock (voting separately as a class with all other series of preferred stock upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two of the authorized number of our directors at the next annual meeting of stockholders and at each subsequent meeting until all dividends accumulated or the redemption price on the preferred stock have been fully paid or set apart for payment. The term of office of all directors elected by the holders of preferred stock will terminate immediately upon the termination of the rights of the holder of preferred stock to vote for directors. Holders of shares of preferred stock will have one vote for each share of preferred stock held.

Ranking

The preferred stock will be, with respect to dividend rights and rights upon liquidation, winding up or dissolution:

junior to all our existing and future debt obligations;

junior to each other class or series of our capital stock other than (1) our class B common stock and any other class or series of our capital stock the terms of which provide that such class or series will rank junior to the preferred stock and (2) any other class or series of our capital stock the terms of which provide that such class or series will rank on a parity with the preferred stock;

on a parity with (1) our Gold-Denominated Preferred Stock, Series II and Silver-Denominated Preferred Stock and (2) any other class or series of our capital stock the terms of which provide that such class or series will rank on a parity with the preferred stock;

senior to our class B common stock and any other class or series of our capital stock the terms of which provide that such class or series will rank junior to the preferred stock; and

effectively junior to all of our subsidiaries' (1) existing and future liabilities and (2) capital stock held by others.

Absence of a public market for the

preferred stock

The shares of preferred stock are new securities for which there is currently no public market. We cannot assure you that any active or liquid market will develop for the preferred stock.

Trading

The preferred stock is eligible for trading in the PORTAL market.

NYSE symbol for our class B

common stock

Our class B common stock is traded on the New York Stock Exchange under the symbol "FCX."

## **RISK FACTORS**

*You should carefully consider the risks described below in addition to other information contained in this prospectus before making an investment decision. Realization of any of the following risks could have a material adverse effect on our business, financial condition, cash flow and results of operations.*

### **Risks Related to Our Business**

***Because our primary operating assets are located in the Republic of Indonesia, our business may be adversely affected by Indonesian political, economic and social uncertainties, in addition to the usual risks associated with conducting business in a foreign country.***

Indonesia continues to face political, economic and social uncertainties, including separatist movements and civil and religious strife in a number of provinces. In particular, several separatist groups are opposing Indonesian rule over the province of Papua, where our mining operations are located, and have sought political independence for the province. In response to demands for political independence, new Indonesian regional autonomy laws became effective January 1, 2001. However, the manner in which the new laws will be implemented and the degree of political and economic autonomy that they may bring to individual provinces, including Papua, is uncertain and is a current issue in Indonesian politics. Moreover, in Papua there have been sporadic attacks on civilians by separatists and sporadic but highly publicized conflicts between separatists and the Indonesian military. Social, economic and political instability in Papua could materially and adversely affect us if this instability results in damage to our property or interruption of our activities.

Maintaining a good working relationship with the Indonesian government is important to us because all of our mining operations are located in Indonesia and are conducted pursuant to Contracts of Work with the Indonesian government. Accordingly, we are also subject to the usual risks associated with conducting business in and with a foreign country, including the risk of forced modification of existing contracts; changes in the country's laws and policies, including those relating to taxation, royalties, imports, exports and currency, and the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce the judgment of a foreign court or arbitration panel against a sovereign nation within its own territory. In addition, we are subject to the risk of expropriation, and our insurance does not cover losses caused by expropriation.

Our current credit ratings have an impact on the availability and cost of capital to us. Because our primary business operations are in Indonesia, reductions in the sovereign credit rating of Indonesia have historically had an adverse effect on our credit ratings, and we believe that this correlation is likely to continue.

***Social, economic and political instability in Papua could materially and adversely affect us if this instability results in damage to our property or interruption of our activities.***

On August 31, 2002, three people were killed and 11 others were wounded in an ambush by a group of unidentified assailants. The assailants shot at several vehicles transporting international contract teachers from our school in Tembagapura, their family members, and other contractors to PT Freeport Indonesia on the road near Tembagapura, the mining town where the majority of PT Freeport Indonesia's personnel reside. The identity of the assailants remains unknown. Some press reports have indicated that members of the military may be responsible for the attack, but military officials have denied these allegations. Other press reports have indicated that Papuan separatists may be responsible for the attack, but representatives of the separatists have denied these allegations. We, the U.S. government, the central Indonesian government, the Papuan provincial and local governments, and leaders of the local people residing in the area of our operations condemned the attack. Indonesian authorities and the U.S. Federal Bureau of Investigation continue to investigate the incident and we are supporting and cooperating fully with the investigations.

On October 12, 2002, a bombing killed over 200 people in the Indonesian province of Bali, which is 1,500 miles west of our mining and milling operations. Indonesian authorities arrested 35 people in connection with this bombing and 29 of those arrested have been tried and convicted. On August 5, 2003, 12 people were killed and over 100 others were injured by a car bomb detonated outside of the JW Marriott Hotel in Jakarta, Indonesia. A terror suspect will stand trial in Jakarta and face dual charges of involvement in this incident and the October 12, 2002 bombing. Press reports state that Indonesian police blame both attacks on international terrorist organizations. Our mining and milling operations were not interrupted by the August 31, 2002, October 12, 2002, or August 5, 2003 incidents.

We cannot predict whether there will be additional incidents similar to the recent shooting or bombings. If there were to be additional separatist, terrorist or other violence in Indonesia, it could materially and adversely affect our business and profitability in ways that we cannot predict at this time.



***In addition to the usual risks encountered in the mining industry, we face additional risks because our operations are located on difficult terrain in a very remote area.***

Our mining operations are located in steeply mountainous terrain in a very remote area in Indonesia. Because of these conditions, we have had to overcome special engineering difficulties and develop extensive infrastructure facilities. In addition, the area receives considerable rainfall, which has led to periodic floods and mudslides. The mine site is also in an active seismic area and has experienced earth tremors from time to time. In addition to these special risks, we are also subject to the usual risks associated with the mining industry, such as the risk of encountering unexpected geological conditions that may result in cave-ins and flooding of mine areas. Our insurance may not sufficiently cover an unexpected natural or operating disaster.

On October 9, 2003, a slippage of material occurred in a section of the Grasberg open pit, resulting in eight fatalities. On December 12, 2003, a debris flow involving a relatively small amount of loose material occurred in the same section of the open pit resulting in only minor property damage. All material involved in the affected mining areas has been removed. The events caused us to alter our short term mine sequencing plans, which is adversely affecting our near-term production. While we expect to resume normal production activities in the second quarter of 2004, no assurance can be given that these events will not adversely affect production over the longer term or that similar events will not occur in the future. As a result of the fourth quarter slippage and debris flow events, PT Freeport Indonesia notified its copper concentrate customers that it was declaring force majeure under the terms of its contracts as it would be unable to satisfy its annual sales and delivery commitments. No assurance can be given that any concentrate customers will not challenge the declaration of force majeure or assert claims for the failure to sell and deliver copper concentrates.

***The terrorist attacks in the United States on September 11, 2001, the potential for additional future terrorist acts and other recent events have created economic and political uncertainties that could materially and adversely affect our business and the prices of our securities.***

Terrorist attacks and other recent events have caused uncertainty in the world's financial and insurance markets and may significantly increase global political, economic and social instability, including in Indonesia. In addition to the Bali and the JW Marriott Hotel bombings, there have been anti-American demonstrations in certain sections of Indonesia reportedly led by radical Islamic activists. Radical activists have also threatened to attack foreign interests and have called for the expulsion of United States and British citizens and companies from Indonesia.

It is possible that further acts of terrorism may be directed against the United States domestically or abroad, and such acts could be directed against properties and personnel of companies such as ours. The attacks and the resulting economic and political uncertainties, including the potential for further terrorist acts, have caused our insurance premiums to increase significantly. Moreover, while our property and business interruption insurance covers damages to insured property directly caused by terrorism, this insurance does not cover damages and losses caused by war. Terrorism and war developments may materially and adversely affect our business and profitability and the prices of

our securities in ways that we cannot predict at this time.

*Our profitability can vary significantly with fluctuations in the market prices of copper and gold.*

Our revenues are derived primarily from the sale of copper concentrates, which also contain significant quantities of gold and silver, and from the sale of copper cathodes, anodes, wire rod and wire. Although we sell most of our copper concentrates under long-term contracts, the selling price is based on world metal prices at or near the time of shipment and delivery.

Copper and gold prices fluctuated widely in 2002 and 2003. During 2002, the daily closing prices on the London spot market ranged from 64 cents to 77 cents per pound for copper and \$278 to \$349 per ounce for gold. During 2003, the daily closing prices on the London spot market ranged from 70 cents to \$1.05 per pound for copper and \$320 to \$417 per ounce for gold.

World copper prices have historically fluctuated widely and are affected by numerous factors beyond our control, including:

\*

the strength of the United States economy and the economies of other industrialized and developing nations;

\*

available supplies of copper from mine production and inventories;

\*

sales by holders and producers of copper;

\* demand for industrial products containing copper; and

\* speculation.

World gold prices also have historically fluctuated widely and are affected by numerous factors beyond our control, including:

\*

the strength of the United States economy and the economies of other industrialized and developing nations;

\*

global or regional political or economic crises;

\*

the relative strength of the United States dollar and other currencies;

\*

expectations with respect to the rate of inflation;

\*

interest rates;

\*

sales of gold by central banks and other holders;

\*

demand for jewelry containing gold; and

\*

speculation.

Any material decrease in market prices of copper or gold would materially and adversely affect our results of operations and financial condition. See the section of our annual report on Form 10-K for the year ended December 31, 2003 entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations Disclosures about Market Risks Commodity Price Risk" which is incorporated by reference in this prospectus for an analysis of the effect on our revenues and net income of changes in copper and gold prices.

***Our Contracts of Work are subject to termination if we do not comply with our contractual obligations, and if a dispute arises, we may have to submit to the jurisdiction of a foreign court or arbitration panel.***

PT Freeport Indonesia's Contracts of Work and other Contracts of Work in which we have an interest were entered into under Indonesia's 1967 Foreign Capital Investment Law, which provides guarantees of remittance rights and protection against nationalization. Our Contracts of Work can be terminated by the Government of Indonesia if we do not satisfy our contractual obligations, which include the payment of royalties and taxes to the government and the satisfaction of certain mining, environmental, safety and health requirements. Indonesian government officials have periodically raised questions regarding our compliance with Indonesian environmental laws and regulations and the terms of the Contracts of Work. In order to address these questions, the Indonesian government formed a fact-finding team in 2000 that reviewed our compliance with all aspects of PT Freeport Indonesia's Contract of Work. When or whether the Indonesian government will release any report on its investigation is uncertain. In addition, we cannot assure you that the Indonesian government's report, if and when it is released, will conclude that we are complying with all of the provisions of PT Freeport Indonesia's Contract of Work.

Moreover, in recent years, certain government officials and others in Indonesia have questioned the validity of contracts entered into by the Government of Indonesia prior to October 1999 (*i.e.*, during the Suharto regime), including PT Freeport Indonesia's Contract of Work, which was signed in December 1991. We cannot assure you that the validity of, or our compliance with the Contracts of Work will not be challenged for political or other reasons. PT Freeport Indonesia's Contracts of Work and our other Contracts of Work require that disputes with the Indonesian government be submitted to international arbitration. Notwithstanding that provision, if a dispute arises under the Contracts of Work, we face the risk of having to submit to the jurisdiction of a foreign court or arbitration panel, and if we prevail in such a dispute, we will face the additional risk of having to enforce the judgment of a foreign court or arbitration panel against Indonesia within its own territory.

***Any suspension of required activities under our Contracts of Work requires the consent of the Indonesian government.***

Our Contracts of Work permit us to suspend certain contractually required activities, including exploration, for a period of one year by making a written request to the Indonesian government. These requests are subject to the approval of the Indonesian government and are renewable annually. If we do not request a suspension or are denied a

suspension, then we are required to continue our activities under the Contract of Work or potentially be declared in default. Moreover, if a suspension continues for more than one year for reasons other than force majeure and the Indonesian government has not approved such continuation, then the government would be entitled to declare a default under the Contract of Work.

With the approval of the Indonesian government in 2001, we suspended our field exploration activities outside of Block A due to safety and security issues and uncertainty relating to a possible conflict between our mining and exploration rights in certain forest areas covered by the Contracts of Work and an Indonesian law enacted in 1999 prohibiting open-pit mining in forest preservation areas. We cannot predict when we will be able to resume our exploration activities in these areas. We expect to continue to seek renewals of these suspensions for each of the suspended areas if required.

***Our mining operations create difficult and costly environmental challenges, and future changes in environmental laws, or unanticipated environmental impacts from our operations, could require us to incur increased costs.***

Mining operations on the scale of our operations in Papua involve significant environmental risks and challenges. Our primary challenge is to dispose of the large amount of crushed and ground rock material, called tailings, that results from the process by which we physically separate the copper, gold and silver bearing materials from the ore that we mine. Our tailings management plan uses the river system near our mine to transport the tailings to the lowlands where the tailings and natural sediments are deposited in a controlled area contained within a levee system that will be reclaimed and revegetated. We incurred aggregate costs relating to tailings management of \$8.3 million in 2003, \$7.0 million in 2002 and \$9.7 million in 2001.

Another major environmental challenge is managing overburden, which is the rock that must be moved aside in the mining process in order to reach the ore. In the presence of air, water and naturally occurring bacteria, some overburden can cause acid rock drainage, or acidic water containing dissolved metals which, if not properly managed, can have a negative impact on the environment.

Certain Indonesian governmental officials have from time to time raised issues with respect to our tailings and overburden management plans, including a suggestion that we implement a pipeline system rather than our river deposition system for tailings disposal. Because our mining operations are remotely located in steep mountainous terrain and in an active seismic area, a pipeline system would be costly, difficult to construct and maintain, and more prone to catastrophic failure. For these reasons, we do not believe that a pipeline system is practical.

We anticipate that we will continue to spend significant financial and managerial resources on environmental compliance. In addition, changes in Indonesian environmental laws or unanticipated environmental impacts from our operations could require us to incur significant unanticipated costs.

***The volume and grade of the reserves we recover and our rates of production may be more or less than we anticipate.***

Our reserve amounts are determined in accordance with established mining industry practices and standards, but are merely estimates of the mineral deposits that can be recovered economically and legally. In addition, our ore bodies may not conform to standard geological expectations. Because ore bodies do not contain uniform grades of minerals, our metal recovery rates will vary from time to time, which will result in variations in the volumes of minerals that we can sell from period to period. Some of our reserves may become unprofitable to develop if there are unfavorable long-term market price fluctuations in copper and gold, or if there are significant increases in our operating or capital costs. In addition, our exploration programs may not result in the discovery of additional mineral deposits that we can mine profitably.

***We do not expect to mine all of our reserves before the initial term of our Contract of Work expires.***

All of our current proven and probable reserves, including the Grasberg deposit, are located in Block A. The initial term of our Contract of Work covering these reserves expires at the end of 2021. We can extend this term for two successive 10-year periods, subject to the approval of the Indonesian government, which under our Contract of Work cannot be withheld or delayed unreasonably. Our reserves reflect estimates of minerals that can be recovered through the end of 2041 (*i.e.*, through the expiration of the two 10-year extensions) and our current mine plan has been developed, and our operations are based on the assumption that we will receive the two 10-year extensions. As a result, we will not mine all of our reserves during the current term of our Contract of Work, and there can be no assurance that the Indonesian government will approve the extensions. Prior to the end of 2021, we expect to mine approximately 48 percent of aggregate proven and probable recoverable ore at December 31, 2003, representing approximately 62 percent of PT Freeport Indonesia's share of recoverable copper reserves and approximately 72 percent of its share of recoverable gold reserves.

***Servicing our debt will require a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.***

Our ability to make payments on and to refinance our maturing debt depends on our ability to generate sufficient cash flow. This ability, to a significant extent, is subject to commodity prices and general economic, financial, regulatory, political and other factors that are beyond our control. In addition, our ability to borrow funds in the future to service our debt will depend on meeting the financial covenants in our bank credit facility, our 10 1/8% senior notes due 2010, our 6 7/8% senior notes due 2014 and other debt agreements we may have in the future. Future borrowings may not be available to us under our bank credit facility or from the capital markets in amounts sufficient to enable us to pay our obligations as they mature or to fund other liquidity needs. As a result, we may need to refinance all or a portion of our debt on or before maturity. Any inability to generate sufficient cash flow or refinance our debt on favorable terms could materially and adversely affect our financial condition.

*Covenants in our bank credit facility impose restrictions on us.*

Although we currently have no amounts outstanding under our bank credit facility, our bank credit facility:

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restricts the repurchase of, and payment of dividends on, certain classes of our capital stock under certain circumstances;

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limits, among other things, our ability to:

\* incur additional indebtedness;

\* make investments;

\* engage in transactions with affiliates; and

\* create liens on our assets; and

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requires us to maintain specified financial ratios and satisfy financial condition tests.

Events beyond our control, including changes in general economic and business conditions, may affect our ability to satisfy these covenants, which could result in a default. If an event of default occurs, the banks could declare any amounts outstanding together with accrued interest, to be immediately due and payable. An event of default under our bank credit facility may also give rise to an event of default under our other existing and future debt agreements.

*Covenants in our 10 1/8% senior notes due 2010 and 6 7/8% senior notes due 2014 also impose restrictions on us.*

Our 10 1/8% senior notes and our 6 7/8% senior notes limit, among other things, our ability to:

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pay dividends on our class B common stock and repurchase and redeem certain classes of our capital stock;

\*

incur additional indebtedness;

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make investments;

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engage in transactions with affiliates; and

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create liens on our assets.

*Movements in foreign currency exchange rates or interest rates could negatively affect our operating results.*

All of our revenues and significant costs are denominated in U.S. dollars. However, some of our costs, assets and liabilities are denominated in Indonesian rupiah, Australian dollars or euros. As a result, we are generally less



profitable when the U.S. dollar weakens against these foreign currencies.

The rupiah/U.S. dollar daily closing exchange rate ranged from 8,124 to 9,074 rupiah per U.S. dollar during 2003, and on December 31, 2003, the closing exchange rate was 8,437 rupiah per U.S. dollar compared with 8,940 rupiah per U.S. dollar on December 31, 2002. The Australian dollar/ U.S. dollar and euro/U.S. dollar exchange rates fluctuated substantially in 2002 and 2003. During 2003, the Australian dollar/U.S. dollar daily closing exchange rate ranged from \$0.56 to \$0.75 per Australian dollar and the euro/U.S. dollar daily closing exchange rate ranged from \$1.04 to \$1.26 per euro. On December 31, 2003 and 2002, the closing exchange rates were \$0.75 per Australian dollar and \$1.26 per euro and \$0.56 per Australian dollar and \$1.05 per euro, respectively.

From time to time, we have in the past and may in the future implement currency hedges intended to reduce our exposure to changes in foreign currency exchange rates. However, our hedging strategies may not be successful, and any of our unhedged foreign exchange payment requirements will continue to be subject to market fluctuations. In addition, our bank credit facility are based on fluctuating interest rates. Accordingly, an increase in interest rates could adversely affect our results of operations and financial condition. See the section of our annual report on Form 10-K for the year ended December 31, 2003 entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations Disclosures about Market Risks Foreign Currency Exchange Risk" which is incorporated by reference in this prospectus for an analysis of the effect on our operating costs of changes in exchange rates.

***Because we are a holding company, our ability to pay our debts depends upon the ability of our subsidiaries to pay us dividends and to advance us funds. In addition, our ability to participate in any distribution of our subsidiaries' assets is generally subject to the prior claims of the subsidiaries' creditors.***

Because we conduct business primarily through PT Freeport Indonesia, our major subsidiary, and other subsidiaries, our ability to pay our debts depends upon the earnings and cash flow of PT Freeport Indonesia and our other subsidiaries and their ability to pay us dividends and to advance us funds. Contractual and legal restrictions applicable to our subsidiaries could also limit our ability to obtain cash from them. Our rights to participate in any distribution of our subsidiaries' assets upon their liquidation, reorganization or insolvency would generally be subject to the prior claims of the subsidiaries' creditors, including any trade creditors and preferred shareholders.

***Arthur Andersen LLP, our former auditors, audited certain financial information included in this prospectus. In the event such financial information is later determined to contain false or misleading statements, you may be unable to recover damages from Arthur Andersen LLP.***

Arthur Andersen LLP completed its audit of our financial statements for the year ended December 31, 2001 and issued its report with respect to such financial statements on February 8, 2002. Subsequently, Arthur Andersen was convicted of obstruction of justice for activities relating to its previous work for Enron Corp.

In July 2002, our board of directors, at the recommendation of our audit committee, approved the appointment of Ernst & Young LLP as our independent public accountants to audit our financial statements for fiscal year 2002. Ernst & Young replaced Arthur Andersen, which had served as our independent auditors since 1988. Ernst & Young has not audited any period before 2002. We had no disagreements with Arthur Andersen on any matter of accounting principle or practice, financial statement disclosure or auditing scope or procedure. Arthur Andersen audited the financial statements as of and for the year ended December 31, 2001, that we incorporate by reference into this prospectus. We incorporate by reference these financial statements in reliance on the authority of Arthur Andersen as experts in giving said reports. Arthur Andersen has stopped conducting business before the SEC and has limited assets available to satisfy the claims of creditors. As a result, you may be limited in your ability to recover damages from Arthur Andersen under federal or state law if it is later determined that there are false statements contained or incorporated by reference into this prospectus relating to or contained in financial data audited by Arthur Andersen.

### **Risks Related to the Preferred Stock**

*Our substantial indebtedness could adversely affect our ability to operate our business and limit our ability to obtain additional financing.*

We have substantial indebtedness and, as a result, significant debt service obligations. As of December 31, 2003, on a pro forma basis to give effect to (1) the offering of our 6 7/8% senior notes due 2014 in January 2004 and the application of the net proceeds of \$344.5 million therefrom to the repayment of certain Atlantic Copper bank debt, (2) the conversion in January 2004 of \$225.8 million of our 8 1/4% convertible senior notes, (3) the conversions and redemptions of our Step-Up Convertible Preferred Stock in December 2003 and (4) our offering of the preferred stock in March 2004 and the application of \$881.9 million of the proceeds therefrom to repurchase the 23,931,100 shares of our common stock owned by an affiliate of Rio Tinto plc and the application of the remaining \$185.1 million of proceeds therefrom for general corporate purposes, FCX's total indebtedness outstanding, excluding indebtedness of its subsidiaries, would have aggregated approximately \$1,787.0 million, representing approximately 62 percent of FCX's total capitalization, and we would have had total stockholders' equity of \$1,076.9 million. For fiscal year 2003, on a pro forma basis, our net interest expense would have been \$193.1 million instead of \$197.0 million and our ratio of earnings to fixed charges and preferred stock dividends would have been 2.4:1 instead of 3.0:1, assuming annual dividends on the preferred stock of \$55.0 million. In addition, our bank credit agreement and the indentures governing our 10 1/8% senior notes and our 6 7/8% senior notes permit us, and will permit us, to incur or generate certain additional indebtedness, subject to certain limitations.

Our substantial debt could have important consequences to you. For example, it could:

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make it more difficult for us to satisfy our dividend and other obligations under the preferred stock;

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require us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures and other corporate requirements;

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increase our vulnerability to general adverse economic and industry conditions;

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limit our ability to respond to business opportunities;

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limit our ability to borrow additional funds; and

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subject us to financial and other restrictive covenants that, if violated by us under circumstances that are not waived by our lenders or cured by us, could result in an event of default under one or more of our debt instruments.

***The preferred stock ranks junior to all of our liabilities and will not limit our ability to incur future indebtedness that will rank senior to the preferred stock.***

The preferred stock ranks junior to all of our liabilities. In the event of our bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the preferred stock, including the purchase of your shares of the preferred stock for cash upon a change in control, only after all of our indebtedness and other liabilities have been paid. In addition, the preferred stock will effectively rank junior to all existing and future liabilities of our subsidiaries and any capital stock of our subsidiaries held by others. The rights of holders of the preferred stock to participate in the distribution of assets of our subsidiaries will rank junior to the prior claims of that subsidiary's creditors and any such other equity holders. As of December 31, 2003, we had total consolidated liabilities of approximately \$3.9 billion. Consequently, if we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets remaining to pay amounts due on any or all of the preferred stock then outstanding. We and our subsidiaries may incur substantial amounts of additional debt and other obligations that will rank senior to the preferred stock, and the terms of the preferred stock will not limit the amount of such debt or other obligations that we may incur.

***We may not be able to pay the purchase price of the preferred stock in cash upon a change of control. We also could be prevented from paying dividends on shares of the preferred stock.***

In the event of a change of control, you will have the right to require us to purchase all of your shares of the preferred stock. We may pay the purchase price in cash, shares of our class B common stock, or a combination thereof. However, we may not have sufficient cash to purchase your shares of preferred stock upon a change of control or may in certain circumstances be unable to pay the purchase price in cash and may be legally prohibited from paying the purchase price in shares of our class B common stock.

Under the terms of our current debt instruments and bank credit facility we are prohibited from paying the purchase price of the preferred stock in cash or stock and the terms of our current debt instruments could prohibit the payment of dividends on the preferred stock in the future. Even if the terms of the instruments governing our indebtedness allow us to redeem and purchase the preferred stock in cash or pay cash dividends, we can only make such payments from legally available funds, as determined by our board of directors, and such funds may not be available to redeem or purchase your shares of preferred stock or pay cash dividends.

In addition, because we are a holding company, our ability to purchase the preferred stock for cash or to pay dividends on the preferred stock may be limited by restrictions on our ability to obtain funds for such repurchase through dividends from PT Freeport Indonesia and our other subsidiaries.

***An active trading market for the preferred stock may not develop and you may be unable to resell your shares of preferred stock at or above the purchase price.***

Although the preferred stock is eligible for trading in the PORTAL market, no assurance can be given that an active trading market for the preferred stock will develop or be sustained. In addition, the Initial Purchasers have advised us that they currently intend to make a market in the preferred stock. However, they are not obligated to do so and may discontinue market-making activities at any time without notice. As a result, you may be unable to sell your shares of preferred stock at a price equal to or greater than that which you paid, if at all.

***Our ability to issue preferred stock in the future could adversely affect the rights of holders of the preferred stock and our class B common stock.***

Our amended and restated certificate of incorporation authorizes us to issue up to 50,000,000 shares of preferred stock in one or more series on terms determined by our board of directors. As of February 27, 2004, we had 4,305,580 depositary shares evidencing 215,279 shares of our Gold Denominated Preferred Stock, Series II, and 4,760,000 depositary shares evidencing 44,625 shares of our Silver-Denominated Preferred Stock outstanding. We may authorize, increase the authorized amount of, or issue any shares of any series of preferred stock that would rank

senior to the preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution, although we would need the affirmative vote or consent of the holders of at least 66 2/3 percent of the outstanding shares of the preferred stock to do so (as well as the vote or consent of holders of at least 66 2/3 percent of each of our Gold Denominated Preferred Stock, Series II, and Silver-Denominated Preferred Stock). We would not need that vote or consent to authorize, increase the authorized amount of, or issue any series of preferred stock that ranks equal or junior to the preferred stock as to such rights. Our future issuance of any series of preferred stock under our certificate of incorporation could therefore effectively diminish or supersede dividends on, and the liquidation preference of, the preferred stock we are offering hereby and adversely affect our class B common stock.

***Sales, or the availability for sale, of substantial amounts of our class B common stock could adversely affect the value of the preferred stock and impair our ability to raise equity capital.***

Sales of substantial amounts of our class B common stock in the public market, and the availability of shares for future sale, including shares of our class B common stock issuable upon the conversion of shares of the preferred stock or upon exercise of outstanding options or other rights to acquire shares of our class B common stock, could adversely affect the prevailing market price of our class B common stock. This would adversely affect the value of the preferred stock and could impair our future ability to raise capital through an offering of our equity securities.

***If you convert, you will experience immediate dilution.***

You may, at any time, convert your shares of preferred stock into our class B common stock. If you convert your shares of preferred stock into shares of our class B common stock, you will experience immediate dilution because the per share conversion price of the preferred stock immediately after this offering will be higher than the net tangible book value per share of the outstanding class B common stock. In addition, you will also experience dilution when and if we issue additional shares of class B common stock, which we may be required to issue pursuant to options, warrants, our stock option plan or plans or other employee or director compensation plans.

***The price of our class B common stock, and therefore of the preferred stock, may fluctuate significantly, which may make it difficult for you to resell the preferred stock, or class B common stock issuable upon conversion of the preferred stock, when you want or at prices you find attractive.***

The price of our class B common stock on the New York Stock Exchange constantly changes. We expect that the market price of our class B common stock will continue to fluctuate. Because the preferred stock is convertible into our class B common stock, volatility or depressed prices for our class B common stock could have a similar effect on the trading price of the preferred stock. Holders who have received class B common stock upon conversion will also be subject to the risk of volatility and depressed prices.

In addition, the stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our class B common stock.

***The trading price for the preferred stock will be directly affected by the trading prices for our class B common stock, which is impossible to predict.***

The price of our class B common stock could be affected by possible sales of our class B common stock by investors who view the preferred stock as a more attractive means of equity participation in FCX and by hedging or arbitrage activity that may develop involving our class B common stock. The arbitrage could, in turn, affect the trading prices of the preferred stock.

***We have provisions in our certificate of incorporation and Rights Agreement that could deter, delay or prevent a third party from acquiring us and that could deprive you of an opportunity to obtain a takeover premium for shares of our class B common stock.***

We have provisions in our certificate of incorporation and our Rights Agreement that may delay or prevent unsolicited takeover bids from third parties. These provisions may deprive our stockholders of an opportunity to sell their shares at a premium over prevailing market prices. See the sections of this prospectus entitled "Description of Common Stock Provisions of Our Certificate of Incorporation" and "Description of Common Stock Rights Agreement."

### RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges was as follows for the years presented.

	Years Ended December 31,				
	2003	2002	2001	2000	1999
Ratio of earnings to fixed charges	3.9x	3.4x	2.9x	2.3x	3.0x
Ratio of earnings to fixed charges and preferred stock dividends	3.0x	2.5x	2.1x	1.7x	2.2x

For the ratio of earnings to fixed charges calculati