

FREEPORT MCMORAN COPPER & GOLD INC

Form 424B2

March 23, 2007

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CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Stock	\$ 2,511,250,000	\$ 77,096

(1) Calculated in accordance with Rule 457(r).

**Filed Pursuant to Rule 424(b)(2)
Registration Statement File No. 333-140997**

PROSPECTUS SUPPLEMENT

(To prospectus dated March 1, 2007)

41,000,000 Shares

Freeport-McMoRan Copper & Gold Inc.

Common Stock

We are offering 41,000,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol FCX. On March 22, 2007, the last reported sale price of our common stock on the New York Stock Exchange was \$61.91 per share.

Concurrently with this offering of common stock, we are offering 25,000,000 shares of our 63/4% mandatory convertible preferred stock (28,750,000 shares if the underwriters exercise their overallotment option in full). The mandatory convertible preferred stock will be offered pursuant to a separate prospectus supplement. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any of our mandatory convertible preferred stock. This offering is not conditioned upon the successful completion of the mandatory convertible preferred stock offering.

Investing in our common stock involves risks. See Risk Factors beginning on page S-16 of this prospectus supplement for more information.

Per Share

Total

Public offering price	\$61.25	\$2,511,250,000
Underwriting discount	\$1.5313	\$62,783,300
Proceeds, before expenses, to Freeport-McMoRan Copper & Gold Inc.	\$59.7187	\$2,448,466,700

We have granted the underwriters an option for a period of 30 days to purchase up to 6,150,000 additional shares of our common stock at the public offering price less the underwriting discount to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about March 28, 2007.

Joint Book-Running Managers

Merrill Lynch & Co.

JPMorgan

Morgan Stanley

UBS Investment Bank

HSBC

Scotia Capital

The date of this prospectus supplement is March 22, 2007.

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You should rely solely on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters 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 are not, and the underwriters 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 contained or incorporated by reference in this prospectus supplement is accurate only as of the date on the front cover of this prospectus supplement and that the information contained or incorporated by reference in the accompanying prospectus is accurate only as of the date on the front cover of the accompanying prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the securities offered. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading **Where You Can Find More Information**.

Unless otherwise noted, the information in this prospectus supplement assumes that the underwriters' overallotment option to purchase up to an additional 6,150,000 shares of common stock will not be exercised.

INDUSTRY AND OTHER INFORMATION

Unless we indicate otherwise, we base the information concerning the mining industry contained or incorporated by reference in this prospectus supplement and the accompanying prospectus on our general knowledge of and expectations concerning the industry. Our market positions and market shares are based on our estimates using data from various industry sources and assumptions that we believe to be reasonable based on our knowledge of the mining industry. We have not independently verified data from industry sources and cannot guarantee its accuracy or completeness. In addition, we believe that data regarding the mining industry and our market positions and market shares within such industry provide general guidance but are inherently imprecise. Further, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the **Risk Factors** section of this prospectus supplement. The information regarding Freeport-McMoRan's reserves as of December 31, 2006, that is contained in this prospectus supplement or the accompanying prospectus, including the documents incorporated by reference herein or therein, has been verified by Independent Mining Consultants, Inc. as experts in mining, geology and reserve determination.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information contained elsewhere or incorporated by reference in this prospectus supplement. Because this is only a summary, it does not contain all the information that may be important to you. For a more complete understanding of our business and this offering, you should read the entire prospectus supplement and the accompanying prospectus and the documents incorporated herein and therein by reference, including the annual financial statements included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should also carefully consider the matters discussed under Risk Factors.

On March 19, 2007, Freeport-McMoRan Copper & Gold Inc. acquired Phelps Dodge Corporation (the acquisition). In this prospectus supplement, we refer to the issuance of the 8.25% senior notes due 2015, the 8.375% senior notes due 2017 and the senior floating rate notes due 2015 (the notes) and the borrowings under the new senior credit facilities as the financing and the acquisition and the related transactions, including the financing, as the transactions.

Except as otherwise described herein or the context otherwise requires, all references to (i) the combined company, we, us, our and ours in this prospectus supplement mean Freeport-McMoRan Copper & Gold Inc. and all entities owned or controlled by Freeport-McMoRan Copper & Gold Inc. (including Phelps Dodge Corporation and its subsidiaries on a pro forma basis after giving effect to the acquisition of Phelps Dodge by Freeport-McMoRan and the other transactions described herein), (ii) Freeport-McMoRan refer to Freeport-McMoRan Copper & Gold Inc. and its subsidiaries prior to the acquisition and (iii) Phelps Dodge refer to Phelps Dodge Corporation and its subsidiaries.

Overview

Freeport-McMoRan Copper & Gold Inc. is one of the world's largest producers of copper and gold. Freeport-McMoRan's Grasberg minerals district in Papua, Indonesia contains the world's single largest copper reserve and the world's single largest gold reserve. Phelps Dodge Corporation is one of the world's leading producers of copper and molybdenum. Phelps Dodge has mines in operation or under development in North and South America, and Africa, including the Tenke Fungurume development project in the Democratic Republic of Congo.

On March 19, 2007, Freeport-McMoRan acquired Phelps Dodge for approximately \$26 billion in cash and stock, based on Freeport-McMoRan's closing stock price on November 17, 2006, creating one of the world's largest publicly-traded copper companies and one of North America's largest mining companies. Freeport-McMoRan will use the proceeds from this offering to repay outstanding indebtedness incurred in connection with the acquisition.

Acquisition Rationale

The combination of Freeport-McMoRan and Phelps Dodge will dramatically expand Freeport-McMoRan's operations, reserves and project pipeline, while diversifying both its geographic and commodity portfolio. The significant benefits of the acquisition include:

our increased scale of operations, management depth and strengthened cash flows will provide an improved platform from which to capitalize on growth opportunities in the global market;

we will be well-positioned to benefit from the positive copper market at a time when there is a scarcity of large-scale copper development projects combined with strong global demand for copper;

we will have long-lived, geographically diverse ore reserves totaling 77.2 billion pounds of copper, 38.3 million ounces of gold and 1.8 billion pounds of molybdenum, net of minority interests of all joint venture partners and minority owners;

we expect to generate strong cash flows, which will strengthen our financial profile;

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our future growth will be supported by a project pipeline with the potential to add nearly one billion pounds of copper production capacity on a consolidated basis by the end of 2009; and

we will have exploration rights with significant potential in copper regions around the world, including Freeport-McMoRan's prospective acreage in Papua, Indonesia, and Phelps Dodge's opportunities at its Tenke Fungurume concessions in the Democratic Republic of Congo.

Our Business

The combined company will be a new industry leader with large, long-lived, geographically diverse assets and significant proven and probable reserves of copper, gold and molybdenum. For the year ended December 31, 2006, on a pro forma basis giving effect to the transactions, the combined company's revenues totaled \$17.7 billion.

The combined company will have significant, geographically diverse ore reserves. At December 31, 2006, on a pro forma basis after giving effect to the transactions, the combined company's ore reserves on a consolidated basis totaled 93.6 billion pounds of copper, 42.4 million ounces of gold and 2.0 billion pounds of molybdenum, and the combined company's equity share of those ore reserves, net of the interests of all joint venture partners and minority owners, totaled 77.2 billion pounds of copper, 38.3 million ounces of gold and 1.8 billion pounds of molybdenum. The combined company's mines will have lives ranging from 6 years to 37 years based on current ore reserves and mine plans. The combined company's consolidated implied reserve lives, calculated by dividing ore reserves by estimated production rates, will be 21 years for copper, 22 years for gold and 25 years for molybdenum. The charts below illustrate the composition and diversity of the combined company's portfolio by geography and commodity:

Freeport-McMoRan conducts its operations primarily through its principal operating subsidiaries, PT Freeport Indonesia and Atlantic Copper, S.A., which operates a copper smelter and refinery in Huelva, Spain. In addition, Freeport-McMoRan holds exploration rights covering approximately 2.2 million acres in Papua, Indonesia. PT Freeport Indonesia's operations in Papua, Indonesia, involve mineral exploration and development, mining and milling of ore containing copper, gold and silver and the worldwide marketing of concentrates containing those metals. PT Freeport Indonesia's principal asset is the world-class Grasberg mine discovered in 1988. The Grasberg minerals district contains the world's largest single copper reserve and world's largest single gold reserve. PT Freeport Indonesia is also a 25 percent owner of PT Smelting, which operates a copper smelter and refinery in Gresik, Indonesia.

Phelps Dodge conducts its operations primarily through its two divisions, Phelps Dodge Mining Company (PDMC) and Phelps Dodge Industries (PDI). PDMC is a fully integrated producer of copper and molybdenum, with mines and processing facilities in North America, South America and Europe and processing capabilities for other minerals as by-products, such as gold, silver and rhenium. PDI consists of Phelps Dodge Wire and Cable, which manufactures engineered products principally for the global energy sector.

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Geographically diverse asset base. The combined company will have a geographically diverse portfolio of assets across four continents, which produce copper, gold and molybdenum for global sale and consumption. The combined company will have 15 mines in operation located in Chile, Indonesia, Peru and the United States and scheduled development projects in North and South America, Asia and Africa. On a pro forma basis after giving effect to the transactions, 38 percent of total 2006 mining revenues of \$12.9 billion were generated from Indonesia, 35 percent from North America, 22 percent from Chile and 5 percent from Peru. While the combined company will derive the majority of its revenues from copper (78 percent of 2006 mining revenues on a pro forma basis after giving effect to the transactions), gold and molybdenum each represent important pieces of the production profile, representing 10 percent and 12 percent of 2006 mining revenues, respectively, on a pro forma basis after giving effect to the transactions. We believe the scope of operations and diversification should enable the combined company to perform well throughout periods of volatile commodity prices and demand fluctuations.

Strong production and long-lived ore reserves. We believe that the combined company's geographically diverse asset base is characterized by large scale production, long reserve lives and strong future growth opportunities. The table below reflects our consolidated and net reserves and production.

	Consolidated	Net Interest^(a)
Production for year ended December 31, 2006:		
Copper (billion pounds)	3.6	3.1
Gold (million ounces)	1.8	1.7
Molybdenum (million pounds)	68.2	68.2
Ore reserves as of December 31, 2006:		
Copper (billion pounds)	93.6	77.2
Gold (million ounces)	42.4	38.3
Molybdenum (billion pounds)	2.0	1.8
Copper reserves as of December 31, 2006 by geographical region (billion pounds):		
Indonesia	38.8	35.2
United States	24.8	24.8
Chile	10.0	6.4
Peru	15.5	8.3
Democratic Republic of Congo	4.5	2.6
Implied ore reserve life (years)^(b):		
Copper	21	21
Gold	22	22
Molybdenum	25	25

(a) Reflects the combined company's equity share, net of the interests of all joint venture partners and minority owners.

(b) Calculated by dividing ore reserves by estimated production rates.

Attractive project pipeline. We believe that the combined company will have significant potential for growth through the development of its existing asset base, including replacing production at existing mines that would otherwise be

depleted. The combined company has a number of projects that we believe will add nearly one billion pounds of copper production capacity on a consolidated basis by the end of 2009.

The Tenke Fungurume development project is considered to be one of the largest, highest grade, undeveloped copper/cobalt concessions in the world today, which we expect will commence production by early 2009. Initial production rates are expected to be approximately 250 million pounds of copper and 18 million pounds of cobalt on a consolidated basis. The Safford, Arizona project is currently under

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construction and is expected to be in production during the first half of 2008 and to initially produce approximately 240 million pounds of copper per year on a consolidated basis.

In South America, the combined company will have two mines with significant development potential: Cerro Verde and El Abra. Cerro Verde, in Peru, has recently been expanded and has the capacity to initially produce approximately 430 million pounds of additional copper per year on a consolidated basis. El Abra, in Chile, has completed a feasibility study for developing its sulfide ore reserves to produce approximately 325 million pounds of copper per year on a consolidated basis for approximately 10 years beginning as early as 2010.

Significant exploration potential. The combined company will have exploration rights with significant potential in copper regions around the world. Two of the key exploration areas are Freeport-McMoRan's 2.2 million acres in Papua, Indonesia, and Phelps Dodge's opportunities at its Tenke Fungurume development project in the Democratic Republic of Congo. The Papua acreage is located in highly prospective areas that we believe have the potential for major mine developments in the future. In recent years, exploration in Papua was suspended, but Freeport-McMoRan plans to resume exploration activities in certain prospective areas during 2007. See Risk Factors Risks Related to Freeport-McMoRan's Business Any suspension of required activities under Freeport-McMoRan's Contracts of Work requires the consent of the Indonesian government. The Tenke Fungurume copper/cobalt deposits are located within four concessions totaling approximately 394,000 acres of mining claims. Substantial portions of these concessions have had only limited historical exploration and a major target definition and drilling program is now under way in this high potential copper/cobalt region.

Experienced management team. The combined company will have a highly experienced management team with a successful track record for finding and developing reserves and effectively managing large-scale operations. The team will include a combination of Freeport-McMoRan and Phelps Dodge management and will be complemented by a strong operating team with extensive mining experience.

Strategy

Continue to maximize free cash flows. Freeport-McMoRan and Phelps Dodge have proven track records for generating significant cash flows. We will continue to maintain active programs to improve efficiencies throughout the combined company's mining operations in order to optimize production.

Actively pursue project pipeline and exploration. We manage our business to maximize the long-term value of our mineral deposits. We have been disciplined in managing and evaluating potentially attractive capital investments. The combined company will have significant potential for growth through the development of its existing asset base and exploration, which we plan to actively develop to grow our production and ore reserves.

Strengthen our financial profile. Strong cash flows have allowed both Freeport-McMoRan and Phelps Dodge to significantly reduce indebtedness over the past several years. We plan to continue to use available cash flows to reduce indebtedness of the combined company. In addition, we will consider possible opportunities to reduce debt of the combined company through potential asset sales. While copper, gold and molybdenum prices will play a significant role in determining the extent of the combined company's free cash flows, we will continue to strengthen our financial profile as well as maximize the cash flows from our ore bodies through initiatives to increase production and aggressively manage costs.

Industry Overview

Copper

Copper is an internationally traded commodity, and its price is effectively determined by the major metals exchanges the New York Commodity Exchange (COMEX), the London Metal Exchange (LME) and the Shanghai Futures Exchange (SHFE). Prices on these exchanges generally reflect the worldwide balance of copper supply and demand, but also are influenced significantly, from time to time, by speculative actions and by currency exchange rates.

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Copper's physical attributes include superior electrical conductivity, corrosion resistance, structural capability, efficient heat transfer and aesthetics. Other materials that compete with copper include aluminum, plastics, stainless steel and fiber optics. Despite recent higher prices, substitution of competing materials has been modest because it is difficult to duplicate copper's unique characteristics.

Copper is a critical component of the world's infrastructure. The demand for copper ultimately reflects the rate of underlying world economic growth, particularly in industrial production and construction. Copper's end-use markets reflect its fundamental role in the world economy. Copper's end-use markets (and their estimated shares of total consumption based on Brook Hunt's estimate of 2006 Western world copper consumption) are (a) construction (38 percent), (b) electrical applications (28 percent), (c) industrial machinery (13 percent), (d) transportation (11 percent) and (e) consumer products (10 percent). Since 1990, refined copper consumption grew by an estimated compound annual growth rate of 3.1 percent to 17.6 million tons in 2006, according to published 1990 data by the World Bureau of Metals Statistics (WBMS) and our estimates for 2006. This rate of increase was slightly higher than the growth rate of 2.9 percent for world industrial production over the same period. Asian copper consumption, led by China, has been particularly strong, increasing by a compound annual rate of approximately 6 percent from 1990. Asia now represents approximately half of the world's refined copper consumption, compared with approximately 22 percent for Western Europe and approximately 20 percent for the Americas.

From 1990 through 2006, refined copper production has grown at an average annual rate of approximately 3 percent, based on published 1990 data by the WBMS and our estimates for 2006. Absent major new discoveries of copper reserves, which have been rare in the last decade, the industry is expected to face the challenge of depleting reserves going forward. While a number of expansion projects are currently being pursued, development of major new mines requires long lead times as a result of, among other things, technical challenges, limited availability of equipment and experienced operators and political and regulatory issues.

Copper consumption is closely associated with industrial production and, therefore, tends to follow economic cycles. During an expansion, demand for copper tends to increase thereby driving up the price. As a result, copper prices are volatile and cyclical. During the past 15 years, the LME price of copper averaged \$1.13 per pound and ranged from a high annual average price of \$3.05 per pound in 2006 to a low annual average price of \$0.71 per pound in 2002. In addition, during the past 15 years, the COMEX price of copper averaged \$1.14 per pound, and has ranged from a high annual average price of \$3.09 per pound in 2006 to a low annual average price of \$0.72 per pound in 2002. The closing 3-month LME and active-month COMEX copper prices on March 15, 2007 were \$2.98 per pound and \$2.99 per pound, respectively.

Gold

Gold continues to represent a significant portion of the international reserve assets for most national central banks. Due to its value as a currency and historical monetary role, investment demand has played a significantly larger role in determining the gold price than market fundamentals.

During 2006, the relative weakness in the U.S. dollar, a low global interest rate environment, global political instability and the establishment of exchange-traded funds all contributed to increased investment demand for gold. Jewelry is the largest single component of gold usage, comprising approximately 67 percent of 2006 demand in dollar terms, according to the World Gold Council. In 2006 demand for jewelry reached a new record in dollar terms, while demand for gold in electronics and dental applications rose to a new volume record. Despite an approximate 10 percent decline in total volume demand in 2006, total dollar demand for gold reached a new record, increasing by approximately 22 percent over 2005.

Gold supply is comprised of mine production, gold scrap and central bank sales. According to World Gold Council data, global mine production, net of producer hedging, accounted for approximately 60 percent of total gold supply. Gold scrap is the second-largest source of gold, providing approximately 30 percent of 2006 supply. The remainder of gold supply comes from central bank sales. The total gold supply in terms of volume declined by 13 percent in 2006 according to the World Gold Council. A decrease in central banks

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sales accounted for a majority of the supply decrease. Mine supply fell approximately 2 percent in 2006, and has remained flat over the past three years due to a lack of new large-scale gold mining projects.

Investment demand and record gold jewelry and industrial demand, combined with constrained supply, created a favorable gold price environment in 2006. The average gold price of \$604 per ounce in the 2006 London spot market represents a 36 percent increase over the 2005 average price of \$444 per ounce. Gold hit a 26-year high of \$726 per ounce in mid-May 2006. The closing London PM Fix gold spot price on March 15, 2007 was \$648.50 per ounce.

Molybdenum

Molybdic oxide, derived from molybdenum, is used primarily in the steel industry for corrosion resistance, strengthening and heat resistance. Molybdenum chemicals are used in a number of diverse applications such as lubricants, additives for water treatment, feedstock for the production of pure molybdenum metal and catalysts used for petroleum refining. Pure molybdenum metal powder products are used in a number of diverse applications, such as lighting, electronics, and specialty steel alloys.

Molybdenum demand is heavily dependent on the worldwide steel industry, which comprises approximately 80 percent of molybdenum demand. The balance is used in specialty chemical applications. There are no terminal exchanges or forward markets for molybdenum products.

The metallurgical market for molybdenum is characterized by cyclical and volatile prices, little product differentiation and strong competition. The chemical market is more diverse and contains more specialty products and segments. In both markets, prices are influenced by, among other things, production costs of domestic and foreign competitors, worldwide economic conditions, world and regional supply/demand balances, inventory levels, governmental regulatory actions and currency exchange rates. Molybdenum prices also are affected by the demand for end-use products in, for example, the construction, transportation and durable goods markets. A substantial portion of world molybdenum is produced as a by-product of copper mining, which is relatively insensitive to molybdenum price levels. Materials that compete with molybdenum include other metals and alloys, graphite and plastics, depending upon the application. Despite recent high prices, substitution of competing materials has been modest for the metallurgical segment. Certain chemical segments have experienced some substitution, however, it has not significantly impacted overall chemical demand.

During 2006, primary mine production increased in both North America and China, although production in China remains difficult to estimate. By-product molybdenum production decreased from 2005 levels primarily due to lower production in South America. Tight supplies of Western, high-quality materials continued throughout the first half of 2006, but eased in the second half as demand slowed in the metallurgical segment. Western roaster capacity constraints were reduced in 2006 as increased capacity was realized and by-product supply decreased. Overall, market fundamentals shifted from a supply deficit in the first half of 2006 to a slight surplus late in the year, with the overall year being relatively balanced.

During the past 15 years, *Metals Week* molybdenum Dealer Oxide prices have ranged from a high of \$40.00 per pound to a low of \$1.82 per pound. In 2006, the *Metals Week* molybdenum Dealer Oxide mean price decreased 22 percent from the 2005 mean price of \$31.73 per pound to \$24.75 per pound. Although price levels were lower than those experienced in 2005, 2006 molybdenum prices remained at historically high levels. Strong demand, which has outpaced supply over the past several years, has continued and inventory levels throughout the industry remain low. The *Metals Week* molybdenum Dealer Oxide price on March 12, 2007 was \$28.00 per pound.

The Transactions

Freeport-McMoRan acquired Phelps Dodge on March 19, 2007. At the effective time of the acquisition, each issued and outstanding Phelps Dodge common share was converted into the right to receive a combination of 0.67 of a share of Freeport-McMoRan common stock and \$88.00 in cash, without interest. At the effective time of the acquisition, Freeport-McMoRan shareholders owned approximately 59 percent of the

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combined company (62 percent on a fully diluted basis) and former Phelps Dodge shareholders owned approximately 41 percent of the combined company (38 percent on a fully diluted basis). Following the acquisition, Phelps Dodge continued as a surviving corporation and became a wholly owned subsidiary of Freeport-McMoRan; accordingly, Phelps Dodge shares are no longer publicly traded.

Freeport-McMoRan had cash requirements of approximately \$18,500 million in connection with the acquisition, including the cash consideration of the acquisition and transaction costs. In order to finance a portion of these cash requirements, the following financing transactions occurred in connection with the closing of the acquisition:

borrowings under a new \$11,500 million senior credit facility, consisting of a \$1,500 million revolving credit facility (which refers to our new \$1,000 million revolving credit facility and our amended and restated \$500 million revolving credit facility), a \$2,500 million five-year Tranche A term loan facility and a \$7,500 million seven-year Tranche B term loan facility; and

the issuance of \$6.0 billion in aggregate principal amount of the notes offered by our prospectus supplement dated March 14, 2007.

The remainder of the cash requirements were met from cash available at Freeport-McMoRan and Phelps Dodge.

Sources and Uses

The table below sets forth the estimated sources and uses for the transactions based on balances as of December 31, 2006:

Sources of Funds	Amount (Dollars in millions)	Uses of Funds	Amount
Cash	\$ 2,500.0	Equity purchased ^(c)	\$ 25,791.0
New revolving credit facility ^(a)		Estimated fees and expenses ^(d)	500.0
New Tranche A term loan facility	2,500.0		
New Tranche B term loan facility	7,500.0		
8.375% senior notes due 2017	3,500.0		
8.25% senior notes due 2015	1,500.0		
Senior floating rate notes due 2015	1,000.0		
Additional common equity ^(b)	7,791.0		
Total sources	\$ 26,291.0	Total uses	\$ 26,291.0

(a) Our availability under our revolving credit facility is approximately \$1,400.0 million as of the closing of the transactions after giving effect to outstanding letters of credit. Going forward, we may be required to issue additional letters of credit in connection with financial assurances with respect to our reclamation obligations. See Risk Factors Risks Related to Phelps Dodge's Business Mine closure regulations may impose substantial costs.

(b) Reflects the fair value of Freeport-McMoRan common stock issued to Phelps Dodge shareholders as a result of the acquisition calculated by using the weighted average market price of Freeport-McMoRan common stock

from November 16, 2006 to November 21, 2006 multiplied by the estimated shares of Freeport-McMoRan stock issued to Phelps Dodge shareholders.

- (c) Based on the weighted average market price of Freeport-McMoRan common stock from November 16, 2006 to November 21, 2006, the cash consideration paid in the acquisition, and the estimated Phelps Dodge common shares outstanding and issuable at December 31, 2006.
- (d) Reflects our estimate of fees and expenses associated with the transactions, including financing fees, estimated change of control costs and related employee benefits and other transaction costs and professional fees.

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Corporate Structure

Under the terms of the transactions, a wholly owned subsidiary of Freeport-McMoRan merged into Phelps Dodge. Phelps Dodge was the surviving corporation and became a wholly owned subsidiary of Freeport-McMoRan. The diagram below shows a summary of the corporate structure of the combined company.

Recent Developments

Pending class actions. On November 22, December 12 and December 14, 2006, putative class actions were filed on behalf of Phelps Dodge shareholders in Arizona state court, New York state court and Arizona state court, respectively. The class actions allege breaches of fiduciary duties by the Phelps Dodge board of directors in connection with the acquisition. The complaints allege, among other things, that the named defendants engaged in self-dealing, obtained for themselves personal benefits not shared equally by Phelps Dodge shareholders and failed to disclose all material information concerning the acquisition to Phelps Dodge shareholders. One of these complaints names Freeport-McMoRan as a defendant and alleges that Freeport-McMoRan aided and abetted such alleged violations of fiduciary duties. The plaintiffs seek, among other things, injunctive relief barring consummation of the acquisition and directing the defendants to obtain a transaction that is in the best interests of Phelps Dodge shareholders.

On March 9, 2007, Freeport-McMoRan and Phelps Dodge announced that they had reached an agreement in principle to settle the class actions filed on behalf of Phelps Dodge shareholders. Pursuant to the terms of the settlement agreement, Freeport-McMoRan has agreed that if, within 12 months after the closing of the acquisition, it sells all or substantially all of the capital stock or assets of Phelps Dodge, Freeport-McMoRan will pay \$125 million in additional pro rata consideration (less any fees awarded to plaintiffs' counsel with respect to such consideration) to the shareholders of Phelps Dodge who receive the acquisition consideration. In addition, pursuant to the terms of the settlement agreement, Phelps Dodge agreed to make additional disclosures beyond the information provided in the definitive joint proxy statement/prospectus of Freeport-McMoRan and Phelps Dodge, dated February 12, 2007. The settlement is subject to court approval. If the settlement agreement is not approved by the court, Phelps Dodge, Freeport-McMoRan and the other named defendants intend to vigorously defend the actions.

Concurrent public offering. Concurrently with this offering of common stock, we are offering 25,000,000 shares of our 63/4% mandatory convertible preferred stock (28,750,000 shares if the underwriters exercise their overallotment option in full). The mandatory convertible preferred stock will be offered pursuant to a separate prospectus supplement. This prospectus supplement shall not be deemed an offer to sell or a

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solicitation of an offer to buy any of our mandatory convertible preferred stock. There is no assurance that our concurrent public offering of mandatory convertible preferred stock will be completed or, if completed, that it will be completed for the amounts contemplated. The completion of this offering is not conditioned on the completion of our concurrent public offering of mandatory convertible preferred stock.

Freeport-McMoRan Copper & Gold Inc. is a Delaware corporation. Our principal executive offices are located at One North Central Avenue, Phoenix, Arizona 85004, and our telephone number at that address is (602) 366-8100. Our website is located at www.fcx.com. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

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The Offering

Issuer	Freeport-McMoRan Copper & Gold Inc.
Common stock offered	41,000,000 shares of common stock (or 47,150,000 shares if the underwriters exercise their overallotment option in full).
Overallotment option	We have granted the underwriters an option to purchase up to 6,150,000 shares of common stock solely to cover overallotments.
Common stock to be outstanding after this offering	375,417,324 shares of common stock (or 381,567,324 shares if the underwriters exercise their overallotment option in full).
Use of proceeds	We intend to use the net proceeds from the offering to repay outstanding indebtedness under our Tranche A term loan facility and Tranche B term loan facility. See Use of Proceeds.
Voting rights	Holder of our common stock have one vote per share. See Description of Freeport-McMoRan Capital Stock Description of Common Stock in the accompanying prospectus for more information.
Dividends	We have paid an annual dividend on our common stock since 2003. See Dividend Policy for more information.
New York Stock Exchange symbol	FCX
Risk Factors	Investing in our common stock involves substantial risks. You should carefully consider all the information in this prospectus supplement prior to investing in our common stock. In particular, we urge you to carefully consider the factors set forth under Risk Factors.

The number of shares of our common stock to be outstanding immediately after the closing of this offering is based on 197,375,324 shares of our common stock outstanding as of February 28, 2007, approximately 137,042,000 shares issued in connection with the closing of the acquisition and 41,000,000 shares offered hereby. This number excludes 234,450 shares issuable upon conversion of our 7% convertible senior notes and 23,272,163 shares issuable upon conversion of our 5.5% perpetual convertible preferred stock. This number also excludes an aggregate of approximately 8,087,689 shares issuable upon exercise of outstanding stock options and restricted stock units or the vesting of restricted stock awards, approximately 1,000,000 of which were assumed as part of the acquisition. This number also excludes approximately 40.8 million shares of our common stock (approximately 46.9 million shares if the underwriters exercise their overallotment option in full) issuable upon conversion of our 63/4% mandatory convertible preferred stock, assuming the successful completion of the concurrent offering thereof.

Table of Contents**SUMMARY CONSOLIDATED HISTORICAL FINANCIAL AND
OPERATING DATA OF FREEPORT-MCMORAN**

The following summary consolidated historical financial data as of and for the years ended December 31, 2004, 2005 and 2006, have been derived from the audited consolidated financial statements of Freeport-McMoRan incorporated by reference herein. The historical results presented below are not necessarily indicative of results that you can expect for any future period. You should read the table in conjunction with the sections entitled Use of Proceeds, Capitalization, Unaudited Pro Forma Condensed Combined Financial Statements, Selected Consolidated Historical Financial and Operating Data of Freeport-McMoRan and the consolidated financial statements of Freeport-McMoRan and the related notes incorporated by reference herein. See Where You Can Find More Information.

	Years Ended December 31,		
	2004	2005	2006
	(Amounts in millions, except per share amounts)		
Statement of income data:			
Revenues	\$ 2,371.9	\$ 4,179.1	\$ 5,790.5
Costs and expenses	1,668.3	2,001.8	2,921.8
Operating income	703.6	2,177.3	2,868.7
Interest expense, net	148.1	131.6	75.6
Net income applicable to common stock	156.8	934.6	1,396.0
Basic net income per common share	0.86	5.18	7.32
Diluted net income per common share	0.85	4.67	6.63
Basic average shares outstanding	182.3	180.3	190.7
Diluted average shares outstanding	184.9	220.5	221.5
Balance sheet data at end of period:			
Cash and cash equivalents	\$ 552.0	\$ 763.6	\$ 907.5
Working capital ^(a)	762.4	673.8	1,178.6
Total assets	5,087.0	5,550.2	5,389.8
Total debt ^(b)	1,951.9	1,255.9	680.1
Stockholders' equity	1,163.6	1,843.0	2,445.1
Other financial data:			
Capital expenditures and investments in subsidiaries	\$ 142.9	\$ 143.0	\$ 257.1 ^(c)
Depreciation and amortization	206.4	251.5	227.6
Cash flow from operating activities ^(d)	341.4	1,552.5	1,866.4
Cash flow used in investing activities	64.0	134.3	223.5
Cash flow used in financing activities	189.6	1,206.1	1,499.1

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	Years Ended December 31,		
	2004	2005	2006
Operating data:			
PT Freeport Indonesia operating data, net of Rio Tinto's interest^(e):			
Copper (recoverable)			
Production (000s of pounds)	996,500	1,455,900	1,201,200
Sales (000s of pounds)	991,600	1,456,500	1,201,400
Average realized price per pound	\$ 1.37	\$ 1.85	\$ 3.13
Net cash production cost per pound ^(f)	\$ 0.40	\$ 0.07	\$ 0.60
Gold (recoverable ounces)			
Production	1,456,200	2,789,400	1,731,800
Sales	1,443,000	2,790,200	1,736,000
Average realized price per ounce	\$ 412.32	\$ 456.27	\$ 566.51 ^(g)
PT Freeport Indonesia, 100% operating data:			
Copper (recoverable) (000s of pounds)			
Production	1,098,600	1,688,900	1,299,500
Sales	1,092,700	1,689,400	1,300,000
Gold (recoverable ounces)			
Production	1,536,600	3,439,600	1,824,100
Ore milled (metric tons per day)	185,100	216,200	229,400
Average ore grade			
Copper (percent)	0.87	1.13	0.85
Gold (grams per metric ton)	0.88	1.65	0.85
Gold (ounce per metric ton)	0.028	0.053	0.027
Recovery rates (percent)			
Copper	88.6	89.2	86.1
Gold	81.8	83.1	80.9

(a) Working capital represents current assets less current liabilities.

(b) Includes current portion of debt and short term borrowings.

(c) Includes \$4.6 million of Phelps Dodge acquisition costs.

(d) Cash flow from operating activities represents net income before non-cash charges including depreciation and amortization, losses on early extinguishment and conversion of debt, deferred income taxes, minority interests share of net income, equity (earnings) losses in PT Smelting and other non-cash costs. Changes in working capital also impact cash flow from operating activities.

(e) For a description of Rio Tinto's interests, see Freeport-McMoRan's annual report on Form 10-K incorporated by reference herein. See [Where You Can Find More Information](#).

(f) For a reconciliation of unit net cash costs to production and delivery costs applicable to sales reported in Freeport-McMoRan's consolidated financial statements, see Freeport-McMoRan's annual report on Form 10-K incorporated by reference herein. See [Where You Can Find More Information](#).

(g) Amount was \$606.36 before a loss resulting from redemption of Freeport-McMoRan's Gold-Denominated Preferred Stock, Series II.

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Table of Contents**SUMMARY CONSOLIDATED HISTORICAL FINANCIAL AND OPERATING DATA OF PHELPS DODGE**

The following summary consolidated historical financial data as of and for the years ended December 31, 2004, 2005 and 2006, have been derived from the audited consolidated financial statements of Phelps Dodge incorporated by reference herein. The historical results presented below are not necessarily indicative of results that you can expect for any future period. You should read the table below in conjunction with the sections entitled Use of proceeds, Capitalization, Unaudited Pro Forma Condensed Combined Financial Statements, Selected Consolidated Historical Financial and Operating Data of Phelps Dodge and the consolidated financial statements of Phelps Dodge and the related notes incorporated by reference herein. See Where You Can Find More Information.

	Years Ended December 31,		
	2004^(a)	2005^(b)	2006^(c)
	(Amounts in millions, except per share and per pound amounts)		
Statement of income data:			
Sales and other operating revenues	\$ 6,415.2	\$ 8,287.1	\$ 11,910.4
Operating costs and expenses	4,940.3	6,522.2	7,683.5
Operating income	1,474.9	1,764.9	4,226.9
Interest expense, net of capitalized interest	122.9	62.3	19.0
Net income applicable to common shares	1,032.8	1,549.6	3,017.8
Basic earnings per common share	5.53	7.92	14.91
Diluted earnings per common share	5.29	7.69	14.83
Basic weighted average number of common shares outstanding	186.7	195.7	202.4
Diluted weighted average number of common shares outstanding	197.7	202.5	203.5
Balance sheet data at end of period:			
Cash and cash equivalents	\$ 1,200.1	\$ 1,916.7	\$ 4,947.4
Working capital ^(d)	1,493.7	2,461.4	4,338.0
Total assets	8,594.1	10,358.0	14,632.3
Total debt	1,096.9	694.5	891.9
Shareholders' equity	4,343.1	5,601.6	7,690.4
Other financial data:			
Capital expenditures and investments, net	317.3	698.2	1,187.8
Depreciation, depletion and amortization	455.5	441.8	448.7
Net cash provided by operating activities	1,700.1	1,769.7	5,079.2
Net cash used in investing activities	291.0	368.0	844.2
Net cash used in financing activities	947.2	685.8	1,213.2

	Years Ended December 31,		
	2004	2005	2006
Operating data:			
Copper production (million pounds consolidated basis ^(g))	2,521.2	2,456.0	2,437.4
Copper production (million pounds pro rata basis ^(h))	2,163.4	2,084.6	2,012.6
	2,537.8	2,476.8	2,429.0

Copper sales from Phelps Dodge's mines (million pounds consolidated basis) ^(g)			
Copper sales from Phelps Dodge's mines (million pounds pro rata basis) ^(h)	2,178.2	2,103.2	2,006.2
COMEX copper price per pound ⁽ⁱ⁾	\$ 1.29	\$ 1.68	\$ 3.09
LME copper price per pound ⁽ⁱ⁾	\$ 1.30	\$ 1.67	\$ 3.05
Molybdenum production (million pounds)	57.5	62.3	68.2
Molybdenum sales from Phelps Dodge's mines (million pounds)	63.1	59.9	68.8
Purchased molybdenum (million pounds)	12.9	12.9	8.3
Total molybdenum sales (million pounds)	76.0	72.8	77.1
<i>Metals Week</i> molybdenum Dealer Oxide mean price per pound ⁽ⁱ⁾	\$ 16.41	\$ 31.73	\$ 24.75

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- (a) Reported amounts for 2004 included after-tax, net special charges of \$50.4 million, including \$44.7 million for environmental provisions; \$30.9 million (net of minority interests) for early debt extinguishment costs; \$9.9 million for the write-down of two cost-basis investments; \$9.6 million for taxes on anticipated foreign dividends; \$9.0 million for a deferred tax asset valuation allowance at Phelps Dodge's Brazilian wire and cable operation; \$7.6 million for Phelps Dodge Magnet Wire restructuring activities; \$5.9 million for asset impairment charges (included \$4.5 million for discontinued operations); and \$0.7 million for interest on a Texas franchise tax matter; partially offset by after-tax net special gains of \$30.0 million for the reversal of a U.S. deferred tax asset valuation allowance; \$15.7 million (net of minority interest) for the reversal of an El Abra deferred tax asset valuation allowance; \$10.1 million for the gain on the sale of uranium royalty rights; \$7.4 million for environmental insurance recoveries; and \$4.7 million for the settlement of historical legal matters.
- (b) Reported amounts for 2005 included after-tax, net special charges of \$54.1 million, including \$331.8 million for asset impairment charges; tax expense of \$88.1 million for foreign dividend taxes; \$86.4 million for environmental provisions; \$42.6 million associated with discontinued operations in connection with the sale of Columbian Chemicals Company, which is referred to in this document as Columbian, previously disclosed as PDI's Specialty Chemicals Segment; \$41.3 million for early debt extinguishment costs; \$34.5 million (net of minority interest) for tax on unremitted foreign earnings; \$23.6 million for a tax charge associated with minimum pension liability reversal; \$10.1 million for cumulative effect of accounting change; \$5.9 million for transaction and employee-related costs associated with the sale of substantially all of Phelps Dodge's North American magnet wire assets; partially offset by after-tax, net special gains of \$388.0 million for the sale of a cost-basis investment; \$181.7 million for change in interest gains at Cerro Verde and Ojos del Salado; \$15.6 million for legal matters; \$11.9 million for the reversal of Phelps Dodge Brazil's deferred tax asset valuation allowance; \$8.5 million for the sale of non-core real estate; \$4.0 million for the reversal of U.S. deferred tax asset valuation allowance; \$0.4 million for environmental insurance recoveries; and \$0.1 million for Phelps Dodge Magnet Wire restructuring activities. The after-tax, net special charges of \$42.6 million associated with discontinued operations consisted of \$67.0 million (net of minority interests) for a goodwill impairment charge; taxes of \$7.6 million associated with the sale and dividends paid in 2005; and \$5.0 million for a loss on disposal of Columbian associated with transactions and employee-related costs, partially offset by a deferred income tax effect of \$37.0 million.
- (c) Reported amounts for 2006 included after-tax, net special gains of \$344.2 million, including \$330.7 million for the Inco termination fee; \$127.5 million for the reversal of U.S. deferred tax asset valuation allowance; \$2.0 million for legal matters; \$0.4 million for sale of non-core real estate; and \$0.2 million for the reversal of Minera PD Peru deferred tax asset valuation allowance; partially offset by after-tax, net special charges of \$54.5 million for environmental provisions; \$30.9 million for charges associated with discontinued operations in connection with the sale of Columbian; \$9.6 million for asset impairment charges; \$7.6 million (net of minority interest) for tax on unremitted foreign earnings; \$5.1 million for transaction and employee-related charges and loss on disposal in connection with the sale of North American magnet wire assets; \$4.7 million for transaction and employee-related charges and loss on the disposal in connection with the sale of HPC; \$3.0 million for a lease termination settlement; and \$1.2 million associated with the dissolution of an international wire and cable entity.
- (d) Working capital represents current assets less current liabilities.
- (e) Consolidated basis excludes 15 percent undivided interest in the Morenci, Arizona copper mining complex held by Sumitomo Metal Mining Arizona, Inc.
- (f) Pro rata basis reflects Phelps Dodge's ownership interests in El Abra (51%), Candelaria (80%), and Morenci (85%) for all periods, Cerro Verde (82.5% through May 2005 and 53.56% thereafter) and Ojos del Salado

(100% through December 2005 and 80% thereafter).

- (g) New York Commodity Exchange average spot price per pound cathodes.
- (h) London Metal Exchange average spot price per pound cathodes.
- (i) Annual *Metals Week* molybdenum Dealer Oxide mean price per pound as quoted in Platts *Metals Week*.

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The following table sets forth summary unaudited pro forma condensed combined financial information of Freeport-McMoRan. The pro forma information has been derived from, and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Financial Statements and related notes, which are included in this prospectus supplement and give pro forma effect to the transactions.

The pro forma condensed combined balance sheet information gives effect to the transactions, the issuance of the common stock offered hereby, the concurrent mandatory convertible preferred stock offering and the use of proceeds from the common stock and mandatory convertible preferred stock offerings to reduce total debt as if they occurred on December 31, 2006. The pro forma condensed combined statements of income information gives effect to the transactions, the issuance of common stock offered hereby, the concurrent mandatory convertible preferred stock offering and the use of proceeds from the common stock and mandatory convertible preferred stock offerings to reduce total debt as if they occurred on January 1, 2006. The summary unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Freeport-McMoRan would have been had the transactions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

	Pro Forma Year Ended December 31, 2006 (Dollars in millions)
Statement of income data:	
Revenues ^(a)	\$ 17,700.9
Costs and expenses	11,167.3
Operating income	6,533.6
Interest expense, net ^(b)	1,036.9
Income from continuing operations applicable to common stock ^(a)	3,021.1
Balance sheet data at end of year:	
Cash and cash equivalents ^(c)	\$ 3,383.4
Working capital ^(d)	5,749.6
Total assets	40,619.2
Total debt ^(e)	12,722.4
Stockholders' equity	15,082.6
Other financial data:	
Capital expenditures and investments in subsidiaries	\$ 1,499.3
Depreciation, depletion and amortization	1,268.2

(a) Amounts include charges for mark-to-market losses on Phelps Dodge's copper price protection program totaling \$1,008.9 million in revenues and \$766.8 million in income from continuing operations applicable to common stock for the year ended December 31, 2006.

(b) The pro forma information presented herein assumes a weighted average annual interest rate of 7.5% on the notes, the Tranche A term loan facility and the Tranche B term loan facility. A 0.125% variance in the interest rate on the Tranche A term loan portion of the new senior credit facilities would cause an increase or decrease of \$3.1 million in interest expense. A 0.125% variance in the interest rate on the Tranche B term loan portion of the

new senior credit facilities would cause an increase or decrease of \$9.4 million in interest expense. A 0.125% variance on the weighted average interest rate on the senior floating rate notes due 2015 would cause an increase or decrease of \$1.3 million in interest expense.

- (c) At December 31, 2006, Freeport-McMoRan and Phelps Dodge had \$5,854.9 million of combined unrestricted cash on hand.
- (d) Working capital represents current assets less current liabilities.
- (e) Based on fair value of Phelps Dodge's debt and includes current portion of debt and short-term borrowings. Pro forma total debt based on book values as of December 31, 2006 was \$12,687.0 million.

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RISK FACTORS

In addition to the other information included or incorporated by reference in this prospectus supplement, including the matters addressed in Cautionary Statement Regarding Forward-Looking Statements, you should carefully consider the following risk factors set forth below before making an investment in our common stock. In addition, you should read and consider the risk factors associated with each of the businesses of Freeport-McMoRan and Phelps Dodge because these risk factors may also affect the operations and financial results reported by the combined company. See Where You Can Find More Information.

Risks Related to our Common Stock

The price of our common stock may be volatile and subject to wide fluctuations.

The trading price of our common stock has historically fluctuated significantly. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors below, as well as:

- actual or anticipated fluctuations in operating results;
- declines in the market prices of copper, gold and molybdenum;
- changes in expectations as to future financial performance or buy/sell recommendations of securities analysts;
- acquisitions, strategic alliances or joint ventures involving us or our competitors;
- actions of our current shareholders, including sales of common stock by our directors and executive officers;
- the arrival or departure of key personnel;
- our, or a competitor's, announcement of new products, services or innovations; and
- the operating and stock price performance of other comparable companies.

General market conditions and domestic or international macroeconomic factors unrelated to our performance may also affect the price of our common stock. For these reasons, investors should not rely on recent trends to predict future prices of our common stock or financial results.

Resales of shares of Freeport-McMoRan common stock following the transactions and future issuances of equity or equity-linked securities by Freeport-McMoRan may cause the market price of shares of Freeport-McMoRan common stock to fall.

As of February 28, 2007, Freeport-McMoRan had 197,375,324 shares of common stock outstanding, 23,506,613 shares authorized for issuance upon conversion of preferred stock and convertible notes, and 7,087,689 shares authorized for issuance upon the exercise of outstanding options or the vesting of restricted stock units. In connection with the closing of the acquisition, Freeport-McMoRan issued approximately 137,042,000 shares

of common stock and assumed options exercisable for approximately 1,000,000 shares. The issuance of those new shares, our common stock offered hereby, the concurrent mandatory convertible preferred stock offering (including approximately 40.8 million shares of our common stock issuable upon conversion of such shares (assuming no exercise of the underwriters' overallotment option)), and the sale of additional shares that may become eligible for sale in the public market from time to time upon the exercise of options (including Freeport-McMoRan options that have replaced Phelps Dodge options) could have the effect of depressing the market price for shares of Freeport-McMoRan common stock. Also, because many former Phelps Dodge shareholders are also shareholders of Freeport-McMoRan, some may decide to sell rather than hold the additional shares of Freeport-McMoRan common stock they will receive in the transactions. The sale of those shares could also have the effect of depressing the market price for shares of Freeport-McMoRan common stock.

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Our issuance of preferred stock could adversely affect holders of common stock.

Our board of directors is authorized to issue series of preferred stock without any action on the part of our holders of common stock. Our board of directors also has the power, without stockholder approval, to set the terms of any such series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue preferred stock in the future that has preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the price of our common stock could be adversely affected.

Concurrently with the offering of the common stock hereby, we are offering 25,000,000 shares of our 63/4% mandatory convertible preferred stock (or 28,750,000 if the underwriters exercise their overallotment option in full). The mandatory convertible preferred stock will have dividend and liquidation preference over our common stock and, in certain circumstances, will have certain voting rights that could adversely affect the rights of holders of common stock. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any of our mandatory convertible preferred stock. See Prospectus Supplement Summary Recent Developments Concurrent public offering.

Anti-takeover provisions in our charter documents and Delaware law may make an acquisition of us more difficult.

Anti-takeover provisions in our charter documents and Delaware law may make an acquisition of us more difficult. These provisions:

authorize our board of directors to issue preferred stock without stockholder approval and to designate the rights, preferences and privileges of each class; if issued, such preferred stock would increase the number of outstanding shares of our capital stock and could include terms that may deter an acquisition of us;

establish advanced notice requirements for nominations to the board of directors or for proposals that can be acted on at stockholder meetings; and

limit who may call stockholder meetings.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit large stockholders from consummating a merger with, or acquisition of, us.

These provisions may deter an acquisition of us that might otherwise be attractive to stockholders.

We may not be able to pay cash dividends on our common stock.

Some of our existing indentures and our new senior credit facilities limit, and any indentures and other financing agreements that we enter into in the future will likely limit, our ability to pay cash dividends on our capital stock, including our common stock. Specifically, under certain of our existing indentures, we may pay cash dividends and make other distributions on or in respect of our capital stock, including our common stock, only if certain financial tests are met. In the event that any of our indentures or other financing agreements in the future restrict our ability to

pay cash dividends on our common stock, we will be unable to pay cash dividends on our common stock unless we can refinance amounts outstanding under those agreements.

Under Delaware law, cash dividends on capital stock may only be paid from surplus or, if there is no surplus, from the corporation's net profits for the then current or the preceding fiscal year. Unless we continue to operate profitably, our ability to pay cash dividends on our common stock would require the availability of adequate surplus, which is defined as the excess, if any, of our net assets (total assets less total liabilities) over our capital. Further, even if adequate surplus is available to pay cash dividends on our common stock, we may not have sufficient cash to pay dividends on our common stock.

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Our holding company structure may impact your ability to receive dividends.

We are a holding company with no material assets other than the capital stock of our subsidiaries. As a result, our ability to repay our indebtedness and pay dividends is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries do not have any obligation to make funds available to us to repay our indebtedness or pay dividends. In addition, our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness or pay dividends. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. 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.

Dividend payments are subject to the discretion of our Board of Directors. Although we currently pay annual and special dividends on our common stock, we plan to discontinue paying special dividends for the foreseeable future and the Board of Directors may, at its discretion, discontinue the annual dividend.

The declaration and payment of dividends is at the discretion of our Board of Directors. Following the completion of the transaction, Freeport-McMoRan expects to continue its regular annual common stock dividend of \$1.25 per share and to discontinue its practice of paying special dividends for the foreseeable future. The amount of our current quarterly cash dividend (\$0.3125 per share) on our common stock and the possible payment of additional future supplemental cash dividends will depend upon many factors, including, but not limited to, our cash flows and financial position, future prospects, copper and gold prices, general economic and market conditions, and other factors deemed relevant by our Board of Directors. In addition, since we are a holding company, our ability to pay cash dividends depends in large measure on our subsidiaries' ability to make distributions of cash or property to us. Payment of dividends on our common stock and purchases of common stock are also subject to limitations under our 101/8% senior notes due 2010, 67/8% senior notes due 2014, 8.25% senior notes due 2015, 8.375% senior notes due 2017, senior floating rate notes due 2015 and, in certain circumstances, our new senior credit facilities. Further, we are restricted by certain of our borrowing arrangements from paying cash dividends in certain circumstances without the prior written consent of the lenders.

A portion of the net proceeds of this offering will be received by affiliates of certain of our underwriters. This may present a conflict of interest.

Under our new senior secured credit facilities, JP Morgan Chase Bank, N.A. is administrative agent and collateral agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated is syndication agent, and J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are joint bookrunners and joint lead arrangers. Affiliates of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are also lenders under the new senior secured credit facilities. We intend to use the net proceeds from this offering to repay outstanding indebtedness under our new senior secured credit facilities by repaying a portion of the Tranche A term loan facility and Tranche B term loan facility.

These affiliations may present a conflict of interest since Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc. may have an interest in the successful completion of this offering in addition to the underwriting discounts and commissions they would receive.

Risks Related to the Combined Company

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our outstanding indebtedness.

The combined company incurred significant debt to fund a portion of the cash consideration payable to the Phelps Dodge shareholders in the acquisition. As of December 31, 2006, on a pro forma basis giving effect to the transactions, the issuance of the common stock offered hereby, the concurrent mandatory

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convertible preferred stock offering and the use of proceeds from the issuance of common stock and mandatory convertible preferred stock to reduce outstanding debt, the outstanding principal amount of our indebtedness would have been approximately \$12.7 billion (excluding unused availability under our revolving credit facility of approximately \$1.4 billion after giving effect to outstanding letters of credit). Our level of indebtedness could have important consequences. For example, it could:

make it difficult for us to satisfy our obligations with respect to our indebtedness;

increase our vulnerability to general adverse economic and industry conditions;

require us to dedicate a substantial portion of our cash flow from operations and proceeds of any equity issuances to payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;

make it difficult for us to optimally capitalize and manage the cash flow for our businesses;

limit our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;

place us at a competitive disadvantage to our competitors that have less debt;

limit our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements and other financing needs; and

increase our interest expense if interest rates in general increase because a substantial portion of our indebtedness bears interest at floating rates.

In addition, we may need to incur additional indebtedness in the future in the ordinary course of business. The terms of our new senior credit facilities and other agreements governing our indebtedness allow us to incur additional debt subject to certain limitations. If new debt is added to current debt levels, the risks described above could intensify. Furthermore, if future debt financing is not available to us when required or is not available on acceptable terms, we may be unable to grow our business, take advantage of business opportunities, respond to competitive pressures or refinance maturing debt, any of which could have a material adverse effect on our operating results and financial condition. Moreover, the combined company's ability to satisfy financial tests or utilize third-party guarantees for financial assurance with respect to reclamation obligations may be adversely impacted if its credit ratings were downgraded below investment grade.

The agreements governing our indebtedness contain various covenants that limit our discretion in the operation of our business and also require us to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on us.

The agreements governing our indebtedness contain various covenants, including those that restrict our ability to:

incur additional indebtedness;

engage in transactions with affiliates;

create liens on our assets;

make payments in respect of, or redeem or acquire, debt or equity issued by us or our subsidiaries, including the payment of dividends on our common stock;

make acquisitions of new subsidiaries;

make investments in or loans to entities that we do not control, including joint ventures;

use assets as security in other transactions;

sell assets, subject to certain exceptions;

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merge with or into other companies;

enter into sale and leaseback transactions;

enter into unrelated businesses;

enter into agreements or arrangements that restrict the ability of certain of our subsidiaries to pay dividends or other distributions;

prepay indebtedness; and

enter into certain new hedging transactions other than in the ordinary course of business.

In addition, our new senior credit facilities require that we meet certain financial tests at any time that borrowings are outstanding under our new revolving credit facility, including a leverage ratio test and a secured leverage ratio test. During periods in which copper, gold or molybdenum prices or production volumes, or other conditions reflect the adverse impact of cyclical market trends or other factors, we may not be able to comply with the applicable financial covenants.

Any failure to comply with the restrictions of our new senior credit facilities or any agreement governing our other indebtedness may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related debt, which acceleration may trigger cross-acceleration or cross-default provisions in other debt. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments, either upon maturity or, if accelerated, upon an event of default.

If, when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, our new senior credit agreements, or if a default otherwise occurs, the lenders under our new senior credit facilities could elect to terminate their commitments thereunder, cease making further loans, declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable, institute foreclosure proceedings against those assets that secure the borrowings under our new senior credit facilities and prevent us from making payments on the notes. Any such actions could force us into bankruptcy or liquidation, and we cannot provide any assurance that we could repay our obligations under the notes in such an event.

We need significant amounts of cash to service our indebtedness. If we are unable to generate a sufficient amount of cash to service our indebtedness, our financial condition and results of operations could be negatively impacted.

We need significant amounts of cash in order to service and repay our indebtedness. Our ability to generate cash in the future will be, to a certain extent, subject to general economic, financial, competitive and other factors that may be beyond our control. In addition, our ability to borrow funds in the future to service our debt will depend on covenants in our new senior credit facilities, indentures and other debt agreements we may have in the future. Future borrowings may not be available to us under our new senior credit facilities or from the capital markets in amounts sufficient to enable us to pay our obligations as they mature or to fund other liquidity needs. If we are not able to obtain such borrowings or generate cash flow from operations in an amount sufficient to enable us to service and repay our indebtedness, we will need to refinance our indebtedness or be in default under the agreements governing our indebtedness. Such refinancing may not be available on favorable terms or at all. The inability to service, repay and/or refinance our indebtedness could negatively impact our financial condition and results of operations.

Declines in the market prices of copper, gold and molybdenum could adversely affect the combined company's earnings and cash flows, and therefore its ability to repay its debt.

The earnings and cash flows of the combined company will be affected significantly by the market prices of copper and, to a lesser extent, gold and molybdenum. The world market prices of these commodities have fluctuated historically and will be affected by numerous factors beyond the control of the combined company. Many financial analysts who follow the metals markets are predicting that copper prices will decline significantly from their current, historically high, levels over the next few years. A decline in the world market

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price of one or more of these commodities could adversely affect the combined company's earnings and cash flows and therefore could adversely affect its ability to repay its debt and depress its stock price.

World copper prices have historically fluctuated widely. During the two years ended December 31, 2006, the daily closing prices on the London spot market ranged from \$1.39 to \$3.99 per pound for copper. World copper prices are affected by numerous factors beyond our control, including:

- the strength of the U.S. economy and the economies of other industrialized and developing nations, including China, which has become the largest consumer of refined copper in the world;

- available supplies of copper from mine production and inventories;

- sales by holders and producers of copper;

- demand for industrial products containing copper;

- investment activity, including speculation, in copper as a commodity;

- the availability and cost of substitute materials; and

- currency exchange fluctuations, including the relative strength of the U.S. dollar.

World gold prices have historically fluctuated widely. During the two years ended December 31, 2006, the daily closing prices on the London spot market ranged from \$411 to \$726 per ounce for gold. World gold prices are affected by numerous factors beyond our control, including:

- the strength of the U.S. economy and the economies of other industrialized and developing nations, including China;

- global or regional political or economic crises;

- the relative strength of the U.S. dollar and other currencies;

- expectations with respect to the rate of inflation;

- interest rates;

- purchases and sales of gold by central banks and other holders;

- demand for jewelry containing gold; and

- investment activity, including speculation, in gold as a commodity.

Molybdenum prices also fluctuate widely, even more so than copper. Molybdenum demand depends heavily on the global steel industry, which uses the metal as a hardening and corrosion inhibiting agent. Approximately 80 percent of molybdenum production is used in this application. The remainder is used in specialty chemical applications such as catalysts, water treatment agents and lubricants. Approximately 65 percent of global molybdenum production is a by-product of copper mining, which is relatively insensitive to molybdenum prices. During the past 15 years, *Platts Metals Week* molybdenum Dealer Oxide prices per pound have ranged from a high of \$40.00 to a low of \$1.82.

During the two years ended December 31, 2006, Platts *Metals Week* molybdenum Dealer Oxide price ranged from \$20.50 to \$40.00 per pound. Molybdenum prices are affected by numerous factors beyond our control, including:

the worldwide balance of molybdenum demand and supply;

rates of global economic growth, especially construction and infrastructure activity that requires significant amounts of steel;

the volume of molybdenum produced as a by-product of copper production;

inventory levels;

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currency exchange fluctuations, including the relative strength of the U.S. dollar; and

production costs of U.S. and foreign competitors.

Increased energy and other production costs could reduce the combined company's profitability and cash flow.

Each of Freeport-McMoRan and Phelps Dodge has experienced increases in production costs in recent years primarily as a result of higher energy costs and costs of other consumables, higher mining costs and higher labor costs (including pension and health-care costs).

Energy represents a significant portion of the production costs for the combined company's operations. The principal sources of energy for the combined company's operations are electricity, purchased petroleum products, natural gas and coal. The combined company will pay more for its energy needs during times of progressively higher energy prices. As energy is a significant portion of its production costs, if the combined company is unable to procure sufficient energy at reasonable prices in the future, it could adversely affect its profits and cash flow.

In addition to energy, the combined company's production costs will be affected by the prices of commodities it consumes or uses in its operations, such as sulfuric acid, grinding media, steel, reagents, liners, explosives and diluents. The prices of such commodities are influenced by supply and demand trends affecting the copper industry in general and other factors, many of which are outside the combined company's control, and are at times subject to volatile price movements. Increases in the cost of these commodities could make production at certain of the combined company's operations less profitable, even in an environment of relatively high copper prices. Increases in the costs of commodities that the combined company consumes or uses may also significantly affect the capital costs of new projects.

The volume and grade of the ore reserves that the combined company recovers and its rate of production may be more or less than anticipated.

The combined company's ore reserve amounts are determined in accordance with established mining industry practices and standards, but are estimates of the mineral deposits that can be recovered economically and legally based on currently available data. Ore bodies may not conform to standard geological expectations, and estimates may change as new data becomes available. Because ore bodies do not contain uniform grades of minerals, the combined company's metal recovery rates will vary from time to time. There are also uncertainties inherent in estimating quantities of ore reserves and copper recovered from stockpiles. The quantity of copper contained in mill and leach stockpiles is based upon surveyed volumes of mined material and daily production records. The volume and grade of ore reserves recovered, rates of production and recovered copper from stockpiles may be less than anticipated. Additionally, as the determination of ore reserves is based, in part, on historical selling prices, a prospective decrease in such prices may result in a reduction in reported and economically recoverable ore reserves. These factors may result in variations in the volumes of minerals that the combined company can sell from period to period.

Some ore reserves may become unprofitable to develop if there are unfavorable long-term market price fluctuations in copper, gold or molybdenum, or if there are significant increases in operating or capital costs. In addition, ore reserves are depleted as mined.

Our ability to replenish our ore reserves is important to our long-term viability. The combined company's exploration programs may not result in the discovery of additional mineral deposits that can be mined profitably.

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The combined company's business is subject to operational risks.

Mines by their nature are subject to many operational risks and factors that are generally outside of the combined company's control and could impact its business, operating results and cash flows. These operational risks and factors include, but are not limited to:

- unanticipated ground and water conditions and adverse claims to water rights;
- geological problems, including earthquakes and other natural disasters;
- metallurgical and other processing problems;
- the occurrence of unusual weather or operating conditions and other force majeure events;
- lower than expected ore grades or recovery rates;
- accidents;
- delays in the receipt of or failure to receive necessary government permits;
- the results of litigation, including appeals of agency decisions;
- uncertainty of exploration and development;
- delays in transportation;
- labor disputes;
- inability to obtain satisfactory insurance coverage;
- unavailability of materials and equipment;
- the failure of equipment or processes to operate in accordance with specifications or expectations; and
- the results of financing efforts and financial market conditions.

The combined company will operate on a broader geographical scope than either Freeport-McMoRan or Phelps Dodge has operated individually, and will be exposed to a broader range of political, social and geographic risks than either company has been exposed to on an individual basis.

Freeport-McMoRan's primary operating assets are located in Indonesia. Accordingly, the business of the combined company 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. Because Phelps Dodge does not have any significant operations in Indonesia, these risks are different from and in addition to those to which the business of Phelps Dodge has historically been exposed. See Risk Factors Risks Related to Freeport-McMoRan's Business below.

Phelps Dodge conducts mining operations in the United States, Chile and Peru and has a significant development project in the Democratic Republic of Congo (which is expected to begin production by early 2009). Accordingly, the

business of the combined company may be adversely affected by political, economic and social uncertainties in these countries, in addition to the usual risks associated with conducting business in a foreign country. Because Freeport-McMoRan has no significant operations in any of these countries, these risks are different from and in addition to those to which the business of Freeport-McMoRan has historically been exposed. See Risk Factors Risks Related to Phelps Dodge s Business below.

Movements in foreign currency exchange rates or interest rates could negatively affect the combined company s operating results.

Substantially all of the combined company s revenues and a significant portion of its costs will be denominated in U.S. dollars; however, some of its costs, and certain of its asset and liability accounts, will be denominated in Indonesian rupiah, Chilean pesos, Peruvian nuevos soles and other foreign currencies. As a

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result, the combined company will be generally less profitable when the U.S. dollar weakens in relation to these foreign currencies. From time to time, the combined company may implement currency hedges intended to reduce its exposure to changes in foreign currency exchange rates. However, its hedging strategies may not be successful, and any of its unhedged foreign exchange payments will continue to be subject to market fluctuations.

Freeport-McMoRan and Phelps Dodge may experience difficulties in integrating their businesses, which could cause the combined company to fail to realize many of the anticipated potential benefits of the transactions.

Achieving the anticipated benefits of the transactions will depend in part upon whether our two companies integrate our businesses in an efficient and effective manner. We may not be able to accomplish this integration process smoothly or successfully. The difficulties of combining the two companies' businesses potentially will include, among other things:

the necessity of coordinating geographically separated organizations and addressing possible differences in corporate cultures and management philosophies, and the integration of certain operations following the transaction will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day business of the combined company;

any inability of our management to integrate successfully the operations of our two companies or to adapt to the addition of lines of business in which Freeport-McMoRan has not historically engaged; and

any inability of our management to cause best practices to be applied to the combined company's businesses.

An inability to realize the full extent of the anticipated benefits of the acquisition, as well as any delays encountered in the transition process, could have an adverse effect upon the revenues, level of expenses and operating results of the combined company.

The combined company will depend on its senior management team and other key employees, and the loss of any of these employees could adversely affect the combined company's business.

The success of the combined company after the acquisition will depend in part upon the ability of Freeport-McMoRan and Phelps Dodge to retain senior management and other key employees of both companies. Competition for qualified personnel can be very intense. In addition, senior management and key employees may depart because of issues relating to the uncertainty or difficulty associated with the integration of the companies or a desire not to remain with the combined company. Accordingly, no assurance can be given that Freeport-McMoRan or Phelps Dodge will be able to retain senior management and key employees to the same extent that they have been able to do so in the past.

The impact of purchase accounting could adversely affect the combined company's earnings.

Purchase accounting will require the combined company to allocate the price paid in the transaction to Phelps Dodge's assets on the basis of their fair values at the time the transaction closed. Those adjustments are expected to result in significant increases in the carrying values of certain acquired assets, including, based on preliminary estimates, increases of \$3.4 billion in metal inventories and \$11.6 billion in property, plant, equipment and development costs, as reflected in the unaudited pro forma condensed combined balance sheet contained elsewhere in this document. The increased value of property, plant, equipment and development costs will increase the combined company's depreciation expense, which will reduce reported earnings but have no effect on cash flows.

A decline in the market price of commodities produced by the combined company could result in a write down of metal inventories to recoverable values and the recognition of impairment charges to property, plant, equipment and development costs. In addition, the increased value of metal inventories would cause the

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combined company's cost of goods sold to increase in the year those inventories are recognized as sold. If the combined company changes the historical method of accounting for Phelps Dodge's metal inventories from the current method of last-in, first-out, this increase in the combined company's cost of goods would occur in the near term. These factors would have the effect of reducing reported earnings, although they would have no effect on cash flows.

In addition, the preliminary estimate of goodwill associated with the transaction is approximately \$7.8 billion, as reflected in the unaudited pro forma condensed combined balance sheet contained elsewhere in this document. The combined company will annually assess this amount for impairment. If the combined company concludes that the goodwill associated with the transaction is impaired, the amount of the impairment would reduce the combined company's reported earnings but would have no effect on cash flows.

Risks Related to Freeport-McMoRan's Business

Because Freeport-McMoRan's primary operating assets are located in the Republic of Indonesia, Freeport-McMoRan's 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 has faced 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 Freeport-McMoRan's mining operations are located, and have sought political independence for the province. In response, Indonesia enacted regional autonomy laws, which became effective January 1, 2001. The manner in which the new laws are being implemented and the degree of political and economic autonomy that they may bring to individual provinces, including Papua, are uncertain and are ongoing issues in Indonesian politics. 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 Freeport-McMoRan because all of Freeport-McMoRan's mining operations are located in Indonesia and are conducted pursuant to a Contract of Work with the Indonesian government. Accordingly, Freeport-McMoRan is also subject to the 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, divestment, 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, Freeport-McMoRan is subject to the risk of expropriation. Freeport-McMoRan's insurance does not cover losses caused by expropriation.

In February 2006, a group of illegal gold panners engaged in conflict with Indonesian police and PT Freeport Indonesia security personnel when they were requested to leave an area near Freeport-McMoRan's milling facilities. Following the incident, the illegal panners blocked the road leading to the Grasberg mine and mill in protest and Freeport-McMoRan temporarily suspended mining and milling operations as a precautionary measure. The panners also vandalized some of Freeport-McMoRan's light vehicles and offices near this area, causing approximately \$2 million in damages. Freeport-McMoRan's port facilities continued to operate during the disruption and concentrate shipments were not affected. The panners, mostly Papuans from outside Freeport-McMoRan's area of operations, presented a list of aspirations, primarily relating to their desire to share in the benefits of Freeport-McMoRan's existing initiatives and programs provided for the Papuans who are the traditional residents of Freeport-McMoRan's operations area. Mining and milling operations resumed after an approximate four-day outage. During the incident at Freeport-McMoRan's mine and mill, protestors in Jakarta vandalized the entrance floor of the office building housing Freeport-McMoRan's Indonesian headquarters and staged a three-day rally outside the building. The Indonesian police

handled this matter, which did not disrupt Freeport-McMoRan's administrative functions or damage any of Freeport-McMoRan's facilities.

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Freeport-McMoRan cannot predict if there will be additional incidents similar to the February 2006 protests or other incidents that could disrupt Freeport-McMoRan's operations. If there were additional protests or other incidents at Freeport-McMoRan's mine and mill facilities, it could adversely affect Freeport-McMoRan's business and profitability in ways that Freeport-McMoRan cannot predict at this time.

In addition to the usual risks encountered in the mining industry, Freeport-McMoRan faces additional risks because Freeport-McMoRan's operations are located on difficult terrain in a very remote area.

Freeport-McMoRan's mining operations are located in steeply mountainous terrain in a very remote area in Indonesia. Because of these conditions, Freeport-McMoRan has 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, Freeport-McMoRan is 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. Freeport-McMoRan's 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 was removed. The events caused Freeport-McMoRan to alter its short-term mine sequencing plans, which adversely affected Freeport-McMoRan's 2003 and 2004 production. While Freeport-McMoRan resumed normal production activities in the second quarter of 2004, no assurance can be given that similar events will not occur in the future.

On March 23, 2006, a mud/topsoil slide involving approximately 75,000 metric tons of material occurred from a mountain ridge above service facilities supporting PT Freeport Indonesia's mining facilities. Regrettably, three contract workers were fatally injured in the event. The material damaged a mess hall and an adjacent area. As a result of investigations by PT Freeport Indonesia and the Indonesian Department of Energy and Mineral Resources, Freeport-McMoRan conducted geotechnical studies to identify any potential hazards to facilities from slides. The existing early warning system for potential slides, based upon rainfall and other factors, has also been expanded. PT Freeport Indonesia recorded a charge of \$1.9 million (\$1.0 million to net income) in the first quarter of 2006 for damages related to this event. The event did not directly involve operations within the Grasberg open-pit mine or PT Freeport Indonesia's milling operations.

The terrorist attacks in the United States on September 11, 2001, subsequent attacks in Indonesia and the potential for additional future terrorist acts and other recent events have created economic and political uncertainties that could materially and adversely affect Freeport-McMoRan's business.

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 Freeport-McMoRan's 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. Freeport-McMoRan, along with 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 Freeport-McMoRan's operations condemned the attack. Indonesian authorities and the U.S. FBI investigated the incident, which resulted in the U.S. indictment of an alleged operational commander of the Free Papua Movement/National Freedom Force. In January 2006, Indonesian Police, accompanied by FBI agents, arrested the alleged operational commander in the Free Papua Movement/National Freedom Force and 11 other Papuans. In November 2006, verdicts and sentencing were announced for seven of the accused in the August 2002 shooting, including a life sentence for the confessed leader of the attack.

On October 12, 2002, a bombing killed 202 people in the Indonesian province of Bali, which is 1,500 miles west of Freeport-McMoRan's 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,

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12 people were killed and over 100 others were injured by a car bomb detonated outside of the JW Marriott Hotel in Jakarta, Indonesia. On September 9, 2004, 11 people were killed and over 200 others injured by a car bomb detonated in front of the Australian embassy in Jakarta. On October 1, 2005, three suicide bombers killed 19 people and wounded over 100 others in Bali. The same international terrorist organizations are suspected in each of these incidents. In November 2005, Indonesian Police raided a house in East Java that resulted in the death of other accused terrorists linked to the bombings discussed above. Freeport-McMoRan's mining and milling operations were not interrupted by these incidents but their corporate office in Jakarta had to relocate for several months following the bombing in front of the Australian embassy.

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 Freeport-McMoRan's business and profitability in ways that we cannot predict at this time.

Terrorist attacks and other 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, JW Marriott Hotel and Australian embassy 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 U.S. and British citizens and companies from Indonesia.

It is possible that further acts of terrorism may be directed against the U.S. domestically or abroad, and such acts could be directed against properties and personnel of companies such as our. The attacks and the resulting economic and political uncertainties, including the potential for further terrorist acts, have negatively impacted insurance markets. Moreover, while Freeport-McMoRan's 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 Freeport-McMoRan's business and profitability in ways that we cannot predict at this time.

Freeport-McMoRan's Contracts of Work are subject to termination if Freeport-McMoRan does not comply with its contractual obligations, and if a dispute arises, Freeport-McMoRan 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 Freeport-McMoRan has an interest were entered into under Indonesia's 1967 Foreign Capital Investment Law, which provides guarantees of remittance rights and protection against nationalization. Freeport-McMoRan's Contracts of Work can be terminated by the Government of Indonesia if Freeport-McMoRan does 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.

At times, certain government officials and others in Indonesia have questioned the validity of contracts entered into by the Government of Indonesia prior to May 1998 (i.e., during the Suharto regime, which lasted over 30 years), including PT Freeport Indonesia's Contract of Work, which was signed in December 1991. Freeport-McMoRan cannot assure you that the validity of, or their compliance with, the Contracts of Work will not be challenged for political or other reasons. PT Freeport Indonesia's Contract of Work and Freeport-McMoRan's 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, Freeport-McMoRan faces the risk of having to submit to the jurisdiction of a foreign court or arbitration panel, and if Freeport-McMoRan prevails in such a dispute, Freeport-McMoRan will face the additional risk of having to enforce the judgment of a foreign court or arbitration panel against Indonesia within its own territory.

Indonesian government officials have periodically undertaken reviews regarding Freeport-McMoRan's compliance with Indonesian environmental laws and regulations and the terms of the Contracts of Work. In 2006, the Government of Indonesia created a joint team for Periodic Evaluation on Implementation of the PT-FI Contract of Work (COW) to conduct a periodic evaluation every five years. The team consists of five

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working groups, whose members are from relevant ministries or agencies, covering production, state revenues, community development, environmental issues and security issues. Freeport-McMoRan has conducted numerous working meetings with these groups. The joint team has indicated that it will issue its report shortly. While Freeport-McMoRan believes that it complies with the Contract of Work in all material respects, Freeport-McMoRan cannot assure you that the report will conclude that it is complying with all of the provisions of PT Freeport Indonesia's Contract of Work. Separately, the Indonesian House of Representatives created a working committee on PT Freeport Indonesia. Members of this group have also visited Freeport-McMoRan's operations and held a number of hearings in Jakarta. Freeport-McMoRan will continue to work with these groups to respond to their questions about Freeport-McMoRan's operations and its compliance with PT Freeport Indonesia's Contract of Work.

Any suspension of required activities under Freeport-McMoRan's Contracts of Work requires the consent of the Indonesian government.

Freeport-McMoRan's Contracts of Work permit Freeport-McMoRan 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 Freeport-McMoRan does not request a suspension or is denied a suspension, then Freeport-McMoRan is required to continue its 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.

Freeport-McMoRan suspended its field exploration activities outside of Block A in recent years due to safety and security issues and regulatory uncertainty relating to a possible conflict between its mining and exploration rights in certain forest areas and an Indonesian Forestry law enacted in 1999 prohibiting open-pit mining in forest preservation areas. In 2001, Freeport-McMoRan requested and received from the Government of Indonesia, formal temporary suspensions of its obligations under the Contracts of Work in all areas outside of Block A. Recent Indonesian legislation permits open-pit mining in PT Freeport Indonesia's Block B area, subject to certain requirements. Following an assessment of these requirements and a review of security issues, in 2007 Freeport-McMoRan plans to resume exploration activities in certain prospective Contract of Work areas outside of Block A.

Freeport-McMoRan's mining operations create difficult and costly environmental challenges, and future changes in environmental laws, or unanticipated environmental impacts from Freeport-McMoRan's operations, could require it to incur increased costs.

Mining operations on the scale of Freeport-McMoRan's operations in Papua involve significant environmental risks and challenges. Freeport-McMoRan's primary challenge is to dispose of the large amount of crushed and ground rock material, called tailings, that results from the process by which Freeport-McMoRan physically separates the copper-, gold- and silver-bearing materials from the ore that it mines. Freeport-McMoRan's tailings management plan uses the river system near its 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 regenerated. We incurred aggregate costs relating to tailings management of \$12.8 million in 2006, \$8.7 million in 2005 and \$11.8 million in 2004.

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 Freeport-McMoRan's tailings and overburden management plans, including a suggestion that Freeport-McMoRan implement a pipeline

system rather than its river deposition system for tailings disposal. Because Freeport-McMoRan's mining operations are remotely located in steep mountainous terrain and in an active

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seismic area, a pipeline system would be costly, difficult to construct and maintain, more prone to catastrophic failure and involve significant potentially adverse environmental issues. An external panel of qualified experts, as directed in Freeport-McMoRan's 300K ANDAL (the Environmental Impact Assessment document submitted to the Indonesian government and approved in 1997), conducted detailed reviews and analyses of a number of technical studies. They concluded that all significant impacts identified were in line with the 300K ANDAL predictions, and that the current system of riverine tailings management was appropriate considering all site-specific factors. For these reasons, Freeport-McMoRan does not believe that a pipeline system is necessary or practical.

In March 2006, the Indonesian Ministry of Environment announced the preliminary results of its PROPER environmental management audit, acknowledging the effectiveness of PT Freeport Indonesia's environmental management practices in some areas while making several suggestions for improvement in others. Freeport-McMoRan is working with the Ministry of Environment to address the issues raised as it completes the audit process.

Freeport-McMoRan anticipates that it will continue to spend significant financial and managerial resources on environmental compliance. In addition, changes in Indonesian environmental laws or unanticipated environmental impacts from Freeport-McMoRan's operations could require Freeport-McMoRan to incur significant unanticipated costs.

Freeport-McMoRan does not expect to mine all of its ore reserves before the initial term of its Contract of Work expires.

All of Freeport-McMoRan's current proven and probable ore reserves, including the Grasberg deposit, are located in Block A. The initial term of Freeport-McMoRan's Contract of Work covering these ore reserves expires at the end of 2021. Freeport-McMoRan can extend this term for two successive 10-year periods, subject to the approval of the Indonesian government, which under Freeport-McMoRan's Contract of Work cannot be withheld or delayed unreasonably. Freeport-McMoRan's ore 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 its current mine plan has been developed, and its operations are based on the assumption that Freeport-McMoRan will receive the two 10-year extensions. As a result, Freeport-McMoRan will not mine all of its ore reserves during the current term of its Contract of Work, and there can be no assurance that the Indonesian government will approve the extensions. Prior to the end of 2021, Freeport-McMoRan expects to mine approximately 39 percent of aggregate proven and probable recoverable ore at December 31, 2006, representing approximately 45 percent of PT Freeport Indonesia's share of recoverable copper reserves and approximately 59 percent of its share of recoverable gold reserves.

Risks Related to Phelps Dodge's Business

Phelps Dodge's copper price protection programs may cause significant volatility in its financial performance.

Phelps Dodge's copper price protection programs have and may continue to cause significant volatility in its financial performance. At December 31, 2006, Phelps Dodge had in place zero-premium copper collars (consisting of both put and call options) for approximately 486 million pounds of its expected 2007 copper sales. For 2007, the annual average London Metals Exchange (LME) call strike price (ceiling) for its zero-premium copper collars is \$2.002 per pound. At December 31, 2006, Phelps Dodge also had in place copper put options for approximately 730 million pounds of its expected 2007 copper sales, with an annual average LME put strike price (floor) of \$0.95 per pound for 2007. In accordance with generally accepted accounting principles in the United States, transactions under these copper price protection programs do not qualify for hedge accounting treatment and are adjusted to fair market value based on the forward-curve price and implied volatility as of the last day of the reporting period, with the gain or loss recorded in revenues. These adjustments represent non-cash events as the contracts are settled in cash only after the

end of the relevant year based on the annual average LME copper price. For the year ended December 31, 2006, the

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pre-tax charges arising from Phelps Dodge's 2006 and 2007 copper price protection programs reduced operating income by approximately \$1,009 million.

Phelps Dodge's business is subject to complex and evolving laws and regulations and environmental and regulatory compliance may impose substantial costs.

Phelps Dodge's global operations are subject to various federal, state and local environmental laws and regulations relating to improving or maintaining environmental quality. Environmental laws often require parties to pay for remedial action or to pay damages regardless of fault and may also often impose liability with respect to divested or terminated operations, even if the operations were terminated or divested many years ago. The federal Clean Air Act has had a significant impact, particularly on Phelps Dodge's smelter and power plants. Phelps Dodge also has potential liability for certain sites it currently operates or formerly operated and for certain third-party sites under the federal Superfund law and similar state laws. Phelps Dodge is also subject to claims for natural resource damages where the release of hazardous substances is alleged to have injured natural resources.

Phelps Dodge's mining operations and exploration activities, both inside and outside the United States, are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances and other matters. Mining also is subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production. Compliance with these laws and regulations imposes substantial costs and subjects Phelps Dodge to significant potential liabilities.

The laws and regulations that apply to Phelps Dodge are complex and are continuously evolving in the jurisdictions in which Phelps Dodge conducts business. Costs associated with environmental and regulatory compliance have increased over time, and Phelps Dodge expects these costs to continue to increase in the future. In addition, the laws and regulations that apply to Phelps Dodge may change in ways that could otherwise have an adverse effect on its operations or financial results. The costs of environmental obligations may exceed the reserves that Phelps Dodge has established for such liabilities.

Mine closure regulations may impose substantial costs.

Phelps Dodge's operations in the United States are subject to various federal and state mine closure and mined-land reclamation laws. The requirements of these laws vary depending upon the jurisdiction. Over the last several years, there have been substantial changes in these laws and regulations in the states in which Phelps Dodge's mines are located, as well as changes in the regulations promulgated by the federal Bureau of Land Management (BLM) for mining operations located on unpatented mining claims located on federal public lands. The amended BLM regulations governing mined-land reclamation for mining on federal lands will likely increase Phelps Dodge's regulatory obligations and compliance costs over time with respect to mine closure reclamation. As estimated costs increase, Phelps Dodge's mines are required to post increasing amounts of financial assurance to ensure the availability of funds to perform future closure and reclamation.

The amount of financial assurance that has been provided for our Chino, Tyrone and Cobre mines, pursuant to an agreement Phelps Dodge reached with two New Mexico state agencies, totaled approximately \$495 million at December 31, 2006. Up to 70 percent of such financial assurance is in the form of third-party guarantees issued by Phelps Dodge on behalf of its operating subsidiaries and the balance, or approximately 30 percent, is provided in the form of trust funds, real property collateral and letters of credit. The actual amount required for financial assurance is subject to the completion of additional permitting procedures, final agency determinations and the results of administrative appeals, all of which could result in some changes to the closure and reclamation plans and further

increases in the cost estimates and its related financial assurance obligations. In addition, Phelps Dodge's Arizona mining operations have obtained approval of reclamation plans for its mined land and approval of financial assurance totaling approximately \$174 million, but applications for approval of closure plans for groundwater quality protection are pending for some portions of

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its mines. Phelps Dodge also has approved mined-land reclamation plans and financial assurance in place for its two Colorado mines totaling approximately \$81 million.

Most of the financial assurance provided for Phelps Dodge's southwestern U.S. mines requires a demonstration that it meets financial tests showing Phelps Dodge's capability to perform the required closure and reclamation. Demonstrations of financial capability have been made for all of the financial assurance for Phelps Dodge's Arizona mines. The financial tests required for continued use of the financial capability demonstrations and third-party guarantees include maintaining an investment-grade rating on its senior debt securities. If, in the future, Phelps Dodge's or the combined company's credit rating for senior unsecured debt falls below investment grade, a portion of Phelps Dodge's financial assurance requirements might be required to be supplied in another form, such as letters of credit, real property collateral or cash.

Phelps Dodge has reduced its use of surety bonds in support of financial assurance obligations in recent years due to significantly increasing costs and because many surety companies require a significant level of collateral supporting the bonds. If remaining surety bonds are unavailable at commercially reasonable terms, the combined company could be required to post other collateral or cash or cash equivalents directly in support of financial assurance obligations.

In addition, Phelps Dodge's international mines are subject to various mine closure and mined-land reclamation laws. There have recently been significant changes in closure and reclamation programs in Peru and Chile.

Phelps Dodge's operations outside the United States are subject to the risks of doing business in foreign countries.

In 2006, Phelps Dodge's international operations provided approximately 39 percent of its consolidated sales (including sales through PDMC's U.S. based sales company) and Phelps Dodge's international operations (including international exploration) contributed approximately 54 percent of its consolidated operating income. Due to the current development of the Tenke Fungurume project in the Democratic Republic of Congo and expansion projects at Cerro Verde and El Abra, Phelps Dodge expects international operations to increase as a percentage of sales and operating income in future years. Phelps Dodge fully consolidates the results of certain of its domestic and international mining operations in which it owns less than a 100 percent interest (and reports the minority interest). During 2006, Phelps Dodge's minority partners in its South American mines were entitled to approximately 212,400 tons, or 38 percent, of Phelps Dodge's international copper production.

Phelps Dodge's international activities are conducted in Canada, Latin America, Europe, Asia and Africa, and are subject to certain political and economic risks, including but not limited to:

political instability and civil strife;

changes in foreign laws and regulations, including those relating to the environment, labor, tax, royalties on mining activities and dividends or repatriation of cash and other property to the United States;

foreign currency fluctuations;

expropriation or nationalization of property;

exchange controls; and

import, export and trade regulations.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such forward-looking information about Freeport-McMoRan, Phelps Dodge and the combined company after completion of the transactions is intended to be covered by the safe harbor to forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this prospectus supplement or the accompanying prospectus or may be incorporated in this prospectus supplement or the accompanying prospectus by reference to other documents and may include statements for the period following the completion of this transaction. Representatives of Freeport-McMoRan and Phelps Dodge may also make forward-looking statements. When used in this document, the words anticipates, may, can, plans, feels, believe, estimates, expects, projects, intends, likely, will, should, to be and any similar expressions and any other words that are not historical facts, in each case as they relate to Freeport-McMoRan or Phelps Dodge, the management of either such company or the transactions are intended to identify those assertions as forward-looking statements. In making any of those statements, the person making them believes that its expectations are based on reasonable assumptions. However, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected or anticipated. These forward-looking statements are subject to numerous risks and uncertainties, including the risks described in this prospectus supplement under Risk Factors, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some other risks and uncertainties include, but are not limited to:

risks related to our substantial indebtedness;

our holding company structure and its potential effect on your ability to receive dividends on our common stock;

macroeconomic conditions and general industry conditions, such as the competitive environment of the mining industry;

unanticipated mining, milling and other processing problems;

accidents that lead to personal injury or property damage;

persistent commodity price reductions;

changes in political, social or economic circumstances in areas where Freeport-McMoRan and Phelps Dodge operate or plan to operate;

expropriation;

variances in ore grades;

labor relations;

adverse weather conditions and natural disasters, such as earthquakes;

the speculative nature of mineral exploration;

increases in energy and production costs;

fluctuations in interest rates or foreign currency exchange rates and other adverse financial market conditions;

regulatory and litigation matters and risks; and

changes in tax and other laws.

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The actual results or performance by Freeport-McMoRan and issues relating to the transactions, could differ materially from those expressed in, or implied by, any forward-looking statements relating to those matters. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the combined company or the transactions. Except as required by law, we are under no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

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USE OF PROCEEDS

We estimate the net proceeds from the issuance and sale of the shares of common stock, after deducting underwriting discounts and estimated offering expenses, will be approximately \$2,448.0 million (\$2,815.2 million if the underwriters exercise their overallotment option in full). We intend to use the net proceeds to repay outstanding indebtedness under (i) our Tranche A term loan facility due March 19, 2012 with an interest rate currently of LIBOR plus 1.50% and (ii) our Tranche B term loan facility due March 19, 2014 with an interest rate of LIBOR plus 1.75%. The Tranche A term loan facility and the Tranche B term loan facility were used to fund a portion of the acquisition and related transaction costs. See Prospectus Supplement Summary Sources and Uses. Under our new senior secured credit facilities, JP Morgan Chase Bank, N.A. is administrative agent and collateral agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated is syndication agent, and J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are joint bookrunners and joint lead arrangers. Affiliates of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are also lenders under the new senior secured credit facilities.

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Table of Contents**CAPITALIZATION**

The following table shows Freeport-McMoRan's cash and cash equivalents and capitalization as of December 31, 2006, on an as reported basis, and cash and cash equivalents and capitalization on a pro forma basis to reflect the transactions, the issuance of the common stock offered hereby (assuming no exercise of the underwriters' overallotment option), our concurrent public offering of 25,000,000 shares of 63/4% mandatory convertible preferred stock (assuming no exercise of the underwriters' overallotment option) and the use of net proceeds from the common stock and mandatory convertible preferred stock offerings to reduce outstanding indebtedness under the Tranche A term loan facility and the Tranche B term loan facility on a pro rata basis. This table is unaudited and should be read in conjunction with Unaudited Pro Forma Condensed Combined Financial Statements, Selected Consolidated Historical Financial and Operating Data of Freeport-McMoRan, Selected Consolidated Historical Financial and Operating Data of Phelps Dodge and the financial statements and related notes of Freeport-McMoRan and Phelps Dodge, which are included elsewhere or incorporated by reference in this prospectus supplement.

	As of December 31, 2006	
	Actual	Pro Forma
	(Dollars in millions)	
Cash and cash equivalents ^(a)	\$ 907.5	\$ 3,383.4
Debt:		
Existing indebtedness of Freeport-McMoRan		
8.375% senior notes due 2017	\$	\$ 3,500.0
8.25% senior notes due 2015		1,500.0
Senior floating rate notes due 2015		1,000.0
101/8% senior notes due 2010	272.4	272.4
7% convertible notes due 2011	7.1	7.1
67/8% notes due 2014	340.3	340.3
Existing indebtedness of Phelps Dodge ^(b)		
7.375% notes due 2007	\$	\$ 60.6
8.75% notes due 2011		108.8
7.125% debentures due 2027		115.0
9.50% notes due 2031		196.8
6.125% notes due 2034		149.8
New senior credit facilities		
Revolving credit facility ^(a)	\$	\$
Tranche A term loan facility		1,278.7
Tranche B term loan facility		3,836.3
Other debt ^(c)	60.3	321.2
Total debt ^(b)	\$ 680.1	\$ 12,687.0
Stockholders' equity:		
Preferred stock, \$0.10 par value:		
51/2% convertible perpetual preferred stock	1,100.0	1,100.0
63/4% mandatory convertible preferred stock:		2,500.0

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Common stock, \$0.10 par value: Authorized 700,000,000 shares; issued and outstanding 196,964,996 shares, actual, and 375,417,324 shares as adjusted ^(a)	31.0	48.8
Capital in excess of par value	2,668.1	12,826.1
Retained earnings	1,414.8	1,376.5
Accumulated other comprehensive loss	(19.9)	(19.9)
Treasury stock	(2,748.9)	(2,748.9)
Total stockholders' equity	2,445.1	15,082.6
Total capitalization	\$ 3,125.2	\$ 27,769.6

- (a) Our availability under our revolving credit facility is approximately \$1,400.0 million as of the closing of the transactions after giving effect to outstanding letters of credit. Going forward, we may be required to issue additional letters of credit in connection with

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financial assurances with respect to our reclamation obligations. See Risk Factors Risks Related to Phelps Dodge's Business Mine closure regulations may impose substantial costs.

- (b) Pro forma total debt as of December 31, 2006 shown above is based on Phelps Dodge's book values. Total debt as reflected in the pro forma financial statements is based on the December 31, 2006 fair value of Phelps Dodge's debt.
- (c) Actual amounts include equipment capital leases and other (\$54.5 million), Atlantic Copper debt (\$5.6 million) and other Freeport-McMoRan debt (\$0.2 million). Pro forma amounts include, in addition, certain project financing and subsidiary debt financing (\$202.2 million), various pollution control and industrial development revenue bonds (\$25.0 million) and short-term debt (\$33.7 million) of Phelps Dodge.
- (d) Based on shares outstanding as of February 28, 2007, approximately 137,042,000 shares issued in connection with the closing of the acquisition and 41,000,000 shares offered hereby (assuming no exercise of the underwriters' overallotment option). This number excludes 234,450 shares issuable upon conversion of our 7% convertible senior notes and 23,272,163 shares issuable upon conversion of our 5.5% perpetual convertible preferred stock. This number also excludes an aggregate of 8,087,689 shares issuable upon exercise of outstanding stock options and restricted stock units or the vesting of restricted stock awards, approximately 1,000,000 of which were assumed as part of the acquisition. Our outstanding stock options as of February 28, 2007 had a weighted average exercise price of \$43.03 per share. This number also excludes approximately 40.8 million shares of our common stock (approximately 46.9 million shares if the underwriters exercise their overallotment option in full) issuable upon conversion of our 63/4% mandatory convertible preferred stock, assuming the successful completion of the concurrent offering thereof.

Table of Contents**PRICE RANGE OF COMMON STOCK**

Our common stock is listed and traded on the New York Stock Exchange under the symbol FCX. The following table sets forth, for the periods indicated, the high and low prices per share of the common stock on the New York Stock Exchange.

	High	Low
2005		
First quarter	\$ 43.90	\$ 35.12
Second quarter	40.31	31.52
Third quarter	49.48	37.12
Fourth quarter	56.35	43.41
2006		
First quarter	\$ 65.00	\$ 47.11
Second quarter	72.20	43.10
Third quarter	62.29	47.58
Fourth quarter	63.70	47.60
2007		
First quarter (through March 22, 2007)	\$ 63.67	\$ 48.85

On March 22, 2007, the last reported sale price of our common stock on the New York Stock Exchange was \$61.91 per share. As of February 28, 2007, there were approximately 8,100 holders of record of our common stock.

Table of Contents**DIVIDEND POLICY**

In February 2003, the Board of Directors initiated a cash dividend for FCX's common stock of \$0.09 per share quarterly beginning May 1, 2003. In October 2003, the Board authorized an increase in the cash dividend to an annual rate of \$0.80 per share and increased the dividend again in October 2004 to an annual rate of \$1.00 per share. In December 2004, the Board authorized a supplemental common stock dividend of \$0.25 per share, and during 2005 the Board authorized three supplemental dividends of \$0.50 per share paid on March 31, 2005, September 30, 2005 and December 30, 2005. In November 2005, the Board authorized an increase in our annual common stock dividend to \$1.25 per share (from \$1.00 per share) payable quarterly (\$0.3125 per share) beginning with the February 1, 2006 dividend payment. In 2006, the Board authorized four supplemental dividends totaling \$3.50 per share. Freeport-McMoRan expects to continue its regular annual common stock dividend of \$1.25 per share and to discontinue its practice of paying supplemental dividends for the foreseeable future.

Below is a summary of the common stock cash dividends declared and paid during 2006 and 2005:

	2006 Amount Per Share	Record Date	Payment Date	2005 Amount Per Share	Record Date	Payment Date
First Quarter	\$ 0.3125	Jan. 17, 2006	Feb 1, 2006	\$ 0.25	Jan. 14, 2005	Feb. 1, 2005
Supplemental dividend	0.50	Mar. 15, 2006	Mar. 31, 2006	0.50	Mar. 15, 2005	Mar. 31, 2005
Second Quarter	0.3125	Apr. 17, 2006	May 1, 2006	0.25	Apr. 15, 2005	May 1, 2005
Supplemental dividend	0.75	June 15, 2006	June 30, 2006	N/A	N/A	N/A
Third Quarter	0.3125	July 17, 2006	Aug. 1, 2006	0.25	July 15, 2005	Aug. 1, 2005
Supplemental dividend	0.75	Sept. 14, 2006	Sept. 29, 2006	0.50	Sept. 15, 2005	Sept. 30, 2005
Fourth Quarter	0.3125	Oct. 16, 2006	Nov. 1, 2006	0.25	Oct. 14, 2005	Nov. 1, 2005
Supplemental dividend	1.50	Dec. 14, 2006	Dec. 29, 2006	0.50	Dec. 15, 2005	Dec. 30, 2005

Freeport-McMoRan paid the first quarterly payment of its annual dividend of \$0.3125 per share on February 1, 2007. The declaration and payment of dividends is at the discretion of our Board and will depend on our financial results, cash requirements, future prospects and other factors deemed relevant by the Board. The amount of our current quarterly cash dividend (\$0.3125 per share) on our common stock and the possible payment of additional future supplemental cash dividends will depend upon many factors, including, but not limited to, our cash flows and financial position, future prospects, copper and gold prices, general economic and market conditions, and other factors deemed relevant by our Board of Directors. In addition, since we are a holding company, our ability to pay cash dividends depends in large measure on our subsidiaries' ability to make distributions of cash or property to us. Payment of dividends on our common stock and purchases of common stock are also subject to limitations under our 101/8% senior notes due 2010, 67/8% senior notes due 2014, 8.25% senior notes due 2015, 8.375% senior notes due 2017, senior floating rate notes due 2015, and, in certain circumstances, our new senior credit facilities. Further, we are restricted by certain of our borrowing arrangements from paying cash dividends in certain circumstances without the prior written consent of the lenders.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined financial statements presented herein, which have been prepared by the management of Freeport-McMoRan, are derived from the historical consolidated financial statements of Freeport-McMoRan and Phelps Dodge. The unaudited pro forma condensed combined financial statements are prepared using the purchase method of accounting, with the transactions, the issuance of our common stock offered hereby, the concurrent mandatory convertible preferred stock offering and the use of proceeds from the issuance of common stock and mandatory convertible preferred stock to reduce outstanding debt assumed to have occurred on January 1, 2006, for statement of income purposes and on December 31, 2006, for balance sheet purposes using accounting principles generally accepted in the United States, referred to as U.S. GAAP. The pro forma adjustments to reflect fair value of Phelps Dodge's net reported assets and other purchase accounting adjustments are based on available data as of December 31, 2006. At the effective time of the acquisition, the pre-combination shareholders of Freeport-McMoRan owned approximately 59 percent (62 percent on a fully diluted basis) of the combined company and the pre-combination shareholders of Phelps Dodge owned approximately 41 percent (38 percent on a fully diluted basis). In addition to considering these relative shareholdings, Freeport-McMoRan also considered the proposed composition and terms of the board of directors, the proposed structure and members of the executive management team of Freeport-McMoRan and the premium paid by Freeport-McMoRan to acquire Phelps Dodge, in determining the accounting acquirer. Based on the weight of these factors, Freeport-McMoRan management concluded that Freeport-McMoRan was the accounting acquirer.

The pro forma amounts have been developed from (i) the audited consolidated financial statements of Freeport-McMoRan contained in its annual report on Form 10-K for the year ended December 31, 2006 and (ii) the audited consolidated financial statements of Phelps Dodge contained in its annual report on Form 10-K for the year ended December 31, 2006, each of which were prepared in accordance with U.S. GAAP and are incorporated by reference herein.

The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Freeport-McMoRan would have been had the combination occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. In this regard, the reader should note that the unaudited pro forma condensed combined financial statements do not give effect to (i) any integration costs that may be incurred as a result of the acquisition, (ii) synergies, operating efficiencies and cost savings that are expected to result from the acquisition, (iii) benefits expected to be derived from the combined company's growth projects or brownfield expansions or (iv) changes in commodities prices subsequent to the dates of such unaudited pro forma condensed combined financial statements.

Freeport-McMoRan has not yet developed formal plans for combining the two companies' operations. Accordingly, additional liabilities may be incurred in connection with the business combination and any ultimate restructuring. These additional liabilities and costs have not been contemplated in the unaudited pro forma condensed combined financial statements because information necessary to reasonably estimate such costs and to formulate detailed restructuring plans is not available to Freeport-McMoRan. The allocation of the purchase price to acquired assets and liabilities in the unaudited pro forma condensed combined financial statements are based on management's preliminary internal valuation estimates. Such allocations will be finalized based on valuation and other studies to be performed by management with the services of outside valuation specialists after the closing of the business combination. Accordingly, the purchase price allocation adjustments and related impacts on the unaudited pro forma condensed combined financial statements are preliminary and are subject to revision, which may be material, after the closing of the business combination.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the separate historical consolidated financial statements and accompanying notes of Freeport-McMoRan and Phelps Dodge incorporated by reference into this prospectus supplement. See [Where You Can Find More Information](#).

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Table of Contents**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**

For the Year Ended December 31, 2006

	Historical			
	Freeport- McMoRan	Phelps Dodge	Pro Forma Adjustments ^(Note 3)	Pro Forma Combined
	(Dollars in millions, except per share data)			
Revenues	\$ 5,790.5	\$ 11,910.4 ^(Note 4)	\$	\$ 17,700.9 ^(Note 4)
Cost of sales:				
Production and delivery	2,524.9	6,807.2	74.4 ^(A) (19.0) ^(M)	9,387.5
Depreciation, depletion and amortization	227.6	448.7	581.0 ^(J) 10.9 ^(A)	1,268.2
Total cost of sales	2,752.5	7,255.9	647.3	10,655.7
Selling, general and administrative expenses	157.1	207.0	8.3 ^(A)	372.4
Exploration and research expenses	12.2	127.0		139.2
Special items and provisions, net		93.6	(93.6) ^(A)	
Total costs and expenses	2,921.8	7,683.5	562.0	11,167.3
Operating income	2,868.7	4,226.9	(562.0)	6,533.6
Interest expense, net	(75.6)	(73.0)	54.0 ^(A) (1,245.3) ^(N) 303.0 ^(O) (54.0) ^(A)	(1,036.9)
Capitalized interest		54.0		
Equity in PT Smelting and affiliated companies earnings	6.5		4.6 ^(A)	11.1
Losses on early extinguishment and conversion of debt	(32.0)			(32.0)
Gains on sales of assets	30.6			30.6
Inco termination fee, net of expenses		435.1		435.1
Other income, net	27.7	190.9		218.6
Income from continuing operations before taxes and minority interests in consolidated subsidiaries	2,825.9	4,833.9	(1,499.7)	6,160.1
Provision for income taxes	(1,201.2)	(1,010.2)	262.3 ^(F)	(1,949.1)
Minority interests in net income of consolidated subsidiaries	(168.2)	(792.4)		(960.6)
Equity in net earnings of affiliated companies		4.6	(4.6) ^(A)	
Income from continuing operations	1,456.5	3,035.9 ^(Note 4)	(1,242.0)	3,250.4 ^(Note 4)

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Preferred dividends	(60.5)		(168.8) ^(O)	(229.3)
Income from continuing operations applicable to common stock	\$ 1,396.0	\$ 3,035.9	\$ (1,410.8)	\$ 3,021.1
Income per share from continuing operations applicable to common stock:				
Basic	\$ 7.32	\$ 15.00		\$ 8.19
Diluted	\$ 6.63	\$ 14.92		\$ 7.48
Weighted average shares outstanding:				
Basic	190.7			368.8(L)
Diluted	221.5			440.4(L)

See accompanying notes to these pro forma condensed combined financial statements.

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Table of Contents**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**

	As of December 31, 2006			
	Historical		Pro Forma	Pro Forma
	Freeport- McMoRan	Phelps Dodge	Adjustments ^(Note 3)	Combined
	(Dollars in millions)			
Assets:				
Current assets:				
Cash and cash equivalents	\$ 907.5	\$ 4,947.4	\$ 16,000.0 ^(K) (330.0) ^(C) (100.0) ^(C) 25.0 ^(H) (66.5) ^(E) (18,000.0) ^(B)	\$ 3,383.4
Restricted cash		25.4		25.4
Accounts receivable, less allowance	485.7	1,264.8		1,750.5
Mill and leach stockpiles		90.8	1,412.0 ^(D)	1,502.8
Product inventories	384.2	356.0	1,293.0 ^(D)	2,033.2
Materials and supplies	340.1	247.9		588.0
Prepaid expenses and other current assets	33.5	116.3		149.8
Deferred income taxes		552.3		552.3
Total current assets	2,151.0	7,600.9	233.5	9,985.4
Investments and long-term receivables		193.1		193.1
Property, plant, equipment and development costs, net	3,098.5	5,873.5	11,620.4 ^(D)	20,592.4
Long-term mill and leach stockpiles		181.8	723.6 ^(D)	905.4
Goodwill		12.5	7,754.9 ^(D)	7,767.4
Trust assets		588.3		588.3
Other assets and deferred charges	140.3	182.2	330.0 ^(C) (27.0) ^(D) (38.3) ^(O)	587.2
Total assets	\$ 5,389.8	\$ 14,632.3	\$ 20,597.1	\$ 40,619.2
Liabilities and stockholders equity:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 789.0	\$ 2,705.8	\$	\$ 3,494.8
Current portion of long-term debt and short-term borrowings	19.1	121.8	0.4 ^(D)	141.3
Accrued income taxes	164.4	435.3		599.7
Total current liabilities	972.5	3,262.9	0.4	4,235.8
Long-term debt, less current portion	661.0	770.1	35.0 ^(D)	12,581.1

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			16,000.0 ^(K)	
			(4,885.0) ^(O)	
Deferred income taxes	800.3	768.6	4,499.6 ^(F)	6,068.5
Accrued postretirement benefits and other liabilities	297.9	890.7		1,188.6
Minority interests	213.0	1,249.6		1,462.6
Stockholders' equity:				
51/2% Convertible perpetual preferred stock	1,100.0			1,100.0
63/4% Mandatory convertible preferred stock			2,500.0 ^(O)	2,500.0
Common stock	31.0	1,275.1	13.7 ^(G)	48.8
			(1,275.1) ^(I)	
			4.1 ^(O)	
Capital in excess of par value of common stock	2,668.1	1,372.7	7,777.1 ^(G)	12,826.1
			(1,372.7) ^(I)	
			2,380.9 ^(O)	
Retained earnings	1,414.8	5,221.4	(5,221.4) ^(I)	1,376.5
			(38.3) ^(O)	
Accumulated other comprehensive income (loss)	(19.9)	(178.8)	178.8 ^(I)	(19.9)
Common stock held in treasury	(2,748.9)			(2,748.9)
Total stockholders' equity	2,445.1	7,690.4	4,947.1	15,082.6
Total liabilities and stockholders' equity	\$ 5,389.8	\$ 14,632.3	\$ 20,597.1	\$ 40,619.2

See accompanying notes to these pro forma condensed combined financial statements.

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**NOTES TO THE UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS**

1. Basis of presentation

The unaudited pro forma condensed combined financial statements, which have been prepared by Freeport-McMoRan management, have been derived from historical consolidated financial statements of Freeport-McMoRan and Phelps Dodge incorporated by reference into this prospectus supplement.

At the effective time of the acquisition, the pre-combination shareholders of Freeport-McMoRan owned approximately 59 percent of the combined company (62 percent on a fully diluted basis) and the pre-combination shareholders of Phelps Dodge, owned approximately 41 percent of the combined company (38 percent on a fully diluted basis). In addition to considering these relative shareholdings, Freeport-McMoRan management also considered the proposed composition and terms of the board of directors, the proposed structure and members of the executive management team of Freeport-McMoRan, and the premium paid by Freeport-McMoRan to acquire Phelps Dodge in determining the accounting acquirer. Based on the weight of these factors, Freeport-McMoRan management concluded that Freeport-McMoRan was the accounting acquirer.

2. The acquisition

Freeport-McMoRan acquired all the issued and outstanding common shares of Phelps Dodge for \$88.00 in cash and 0.67 of a share of Freeport-McMoRan common stock for each Phelps Dodge common share. Based on Freeport-McMoRan's closing stock price of \$57.40 per share on November 17, 2006, the implied value of the merger consideration is \$126.46, composed of \$88.00 in cash and stock worth \$38.46 per share.

The acquisition will be accounted for under the purchase method of accounting. The pro forma adjustments reflect Freeport-McMoRan's acquisition of 100 percent of Phelps Dodge's net reported assets at their fair values at December 31, 2006 for the pro forma condensed combined balance sheet, and at January 1, 2006, for the pro forma condensed combined statement of income, and the subsequent accounting for Phelps Dodge as a wholly owned subsidiary. The pro forma adjustments also reflect the application of the net proceeds from the issuance of our common stock offered hereby and the concurrent mandatory convertible preferred stock offering to reduce long-term debt.

The purchase price consideration for the business combination is estimated to include \$18.0 billion in cash, \$7.8 billion in Freeport-McMoRan common stock and \$167 million for costs and fees of the acquisition as shown below:

	(In millions, except per share amount)
Freeport-McMoRan's acquisition of Phelps Dodge:	
Common shares outstanding and issuable	204.540
Exchange offer ratio of Freeport-McMoRan common stock for each Phelps Dodge common share	0.67
Approximate shares of Freeport-McMoRan common stock issued	137.042
Weighted average market price of each share of Freeport-McMoRan common stock from November 16-21, 2006	\$ 56.85

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Cash consideration for each Phelps Dodge common share	\$	88.00
Fair value of Freeport-McMoRan common stock issued, comprising par value of \$13.7 (\$0.10 per share) and capital in excess of par of \$7,777.1	\$	7,791
Cash consideration of \$88.00 for each Phelps Dodge common share		18,000
Estimated change of control costs and related employee benefits		67
Estimated transaction costs		100
Purchase price	\$	25,958

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3. Pro forma assumptions and adjustments

The following assumptions and related pro forma adjustments give effect to the business combination of Freeport-McMoRan and Phelps Dodge, the issuance of our common stock offered hereby, the concurrent mandatory convertible preferred stock offering and the use of proceeds from the issuance of common stock and mandatory convertible preferred stock to reduce outstanding debt as if such transactions occurred on January 1, 2006, in the unaudited pro forma condensed combined statement of income for the year ended December 31, 2006, and on December 31, 2006, for the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Freeport-McMoRan would have been had the business combination with Phelps Dodge occurred on the respective dates assumed, nor are they necessarily indicative of future consolidated operating results or financial position.

The unaudited pro forma condensed combined financial statements do not reflect and do not give effect to (i) any integration costs that may be incurred as a result of the acquisition, (ii) synergies, operating efficiencies and cost savings that are expected to result from acquisition, (iii) benefits expected to be derived from the combined company's growth projects or brownfield expansions or (iv) changes in commodities prices subsequent to the dates of such unaudited pro forma condensed combined financial statements.

Additionally, Freeport-McMoRan believes that cost savings will be realized upon the consolidation and integration of the companies. Freeport-McMoRan has not developed formal plans for combining the operations. Accordingly, additional liabilities may be incurred in connection with the business combination and ultimate restructuring. These additional liabilities and costs have not been contemplated in the unaudited pro forma condensed combined financial statements because information necessary to reasonably estimate such costs and to formulate detailed restructuring plans is not yet available to Freeport-McMoRan. Accordingly, the allocation of the purchase price cannot be estimated with a reasonable degree of accuracy and may differ materially from the amounts assumed in the unaudited pro forma condensed combined financial statements.

As shown in adjustment D below, Freeport-McMoRan expects the accounting for the acquisition of Phelps Dodge to result in a significant amount of goodwill. Goodwill is the excess cost of the acquired company over the sum of the amounts assigned to assets acquired less liabilities assumed. U.S. GAAP requires that goodwill not be amortized, but instead allocated to a level within the reporting entity referred to as the reporting unit and tested for impairment, at least annually. There is currently diversity in the mining industry associated with certain aspects of the accounting for business combinations and related goodwill. This diversity includes how companies define Value Beyond Proven and Probable reserves (referred to in this document as VBPP) (see further discussion in adjustment J below), what an appropriate reporting unit is and how goodwill is allocated among reporting units. The methods of allocating goodwill have included allocations primarily to a single exploration reporting unit and allocations among individual mine reporting units depending on the relevant circumstances. We understand the industry is also evaluating other methodologies for allocating goodwill. The method of allocating goodwill will likely have an impact on the amount and timing of any future goodwill impairment, if any. Freeport-McMoRan has not completed its determination of the combined company's reporting units nor its method of allocating goodwill to those reporting units. Our ultimate accounting for VBPP and goodwill may not be comparable to other companies within the mining industry.

The unaudited pro forma condensed combined financial statements include the following pro forma assumptions and adjustments:

(A) Reclassifications have been made to the Phelps Dodge historical consolidated financial information to conform to Freeport-McMoRan's presentation. This included reclassifying amounts described by Phelps Dodge on a single line

item as Special items and provisions, net into production and delivery costs, into depreciation, depletion and amortization and into selling, general and administrative expenses based on Freeport-McMoRan's reporting for these items. The reclassifications also reflect the reporting of Phelps Dodge's Capitalized interest as a component of Interest

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expense, net and Phelps Dodge's Equity in net earnings of affiliated companies as a component of Equity in PT Smelting and affiliated companies earnings to conform to Freeport-McMoRan's reporting.

(B) This pro forma adjustment represents payment of the cash component of the purchase price for Phelps Dodge common shares.

(C) Freeport-McMoRan estimates it incurred approximately \$430 million of transaction costs, consisting primarily of financing costs, financial advisory fees, legal and accounting fees, financial printing and other charges related to the purchase of Phelps Dodge. Approximately \$330 million of these transaction costs will be recorded as deferred charges on the combined company's balance sheet and the remaining approximately \$100 million will be recorded as part of the cost to purchase Phelps Dodge. These estimates are preliminary and, therefore, are subject to change.

(D) The pro forma adjustments to reflect fair value of Phelps Dodge's net reported assets and other purchase accounting adjustments were based on available data as of December 31, 2006. On this basis, the pro forma adjustments to reflect the fair value of Phelps Dodge's net reported assets and other purchase accounting adjustments are estimated as follows:

	(Dollars in millions)	
Phelps Dodge net assets on December 31, 2006	\$	7,690
Adjustment to fair value mill and leach stockpiles inventory - current		1,412
Adjustment to fair value mill and leach stockpiles inventory - long-term		724
Adjustment to fair value product inventory		1,293
Adjustment to fair value property, plant, equipment and development costs		11,620
Adjustment to fair value debt issuance costs		(27)
Adjustment to fair value debt		(35)
Adjustment to deferred taxes to reflect fair value adjustments (see F)		(4,500)
Cash proceeds from assumed exercise of stock options (see H)		25
Net tangible assets and liabilities acquired	\$	18,203*
Allocation to goodwill		7,755**
Total purchase price	\$	25,958

* Represents the sum of tangible assets and liabilities acquired before rounding.

** The allocation to goodwill was reduced by \$776 million from the amount reflected in the amended joint proxy statement/prospectus filed on February 12, 2007, because of changes in the fair value of Phelps Dodge's net assets from September 30, 2006 to December 31, 2006, primarily because of changes in metal price assumptions and a change in accounting for defined benefit pension and other postretirement plans resulting from the adoption of a new accounting standard on December 31, 2006.

The allocation of the purchase price is based upon management's preliminary estimates and certain assumptions with respect to the fair value increment associated with the assets to be acquired and the liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the date of acquisition and may differ materially

from the amounts disclosed above in the assumed pro forma purchase price allocation because of changes in fair values of the assets and liabilities between December 31, 2006 and the date of the acquisition, and as further analysis (including of identifiable intangible assets, for which no amounts have been estimated and included in the preliminary amounts shown above) is completed. Consequently, the actual allocation of the purchase price may result in different adjustments in the unaudited pro forma condensed combined statement of income. Going forward, the earnings of the combined company will reflect the impact of purchase accounting adjustments, including the effect of changes in the cost bases of both tangible and identifiable intangible assets and liabilities on production costs and depreciation, depletion and amortization expense. The

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unaudited pro forma condensed combined statement of income reflects Phelps Dodge's metal inventories on its historical accounting method of last-in, first-out. Inventories are subject to a lower of cost or market assessment and a decline in metal prices could result in a write down of metal inventory values and a corresponding charge to future earnings of the combined company.

(E) This pro forma adjustment recognizes certain estimated change of control obligations arising from the combination of Phelps Dodge and Freeport-McMoRan.

(F) The estimated income tax effect of the pro forma adjustments has been recorded based upon statutory tax rates in effect in the various tax jurisdictions in which Phelps Dodge operates, resulting in an estimated tax rate of approximately 10 percent for interest costs and 30 percent for all other items. The statutory tax rates range from 20 percent to 35 percent. The estimated tax rates are a weighted calculation of the various statutory tax rates and consider tax credits, exempt income and non-deductible expenses. The estimated tax rate for interest costs of 10 percent has been derived from a preliminary analysis of the applicable rules for interest cost allocation required by U.S. tax regulations and considers their associated limitation on the utilization of foreign tax credits. These rates will vary depending on the mix of income derived in the respective countries of operation and the allocation of interest and other expenses. The actual tax rates will also be affected by any tax planning opportunities that may result from the combination of the companies after the transaction. The business combination is expected to be non-taxable to the respective companies, with Phelps Dodge's historical tax bases surviving for income tax reporting purposes. Additional deferred income taxes have been recognized based on the pro forma fair value adjustments to assets and liabilities.

Provisions for pro forma income tax expense have been recorded as pro forma adjustments to the unaudited pro forma condensed combined statement of income.

(G) These pro forma adjustments reflect the issuance of 137.0 million shares of Freeport-McMoRan common stock in connection with the offer for all the outstanding common shares of Phelps Dodge. The common stock of Freeport-McMoRan totals \$13.7 million at \$0.10 per share par value and capital in excess of par of \$7,777.1 million. These shares include the shares issuable in connection with the stock options and restricted stock of Phelps Dodge outstanding at December 31, 2006.

(H) This pro forma adjustment gives effect to \$25 million of proceeds to be received from the assumed exercise of Phelps Dodge's in-the-money stock options. Freeport-McMoRan has assumed that all eligible Phelps Dodge stock options are exercised and all eligible restricted stock is vested prior to the purchase transaction.

(I) These pro forma adjustments eliminate the historical shareholders' equity accounts of Phelps Dodge.

(J) This pro forma adjustment represents the estimated increase to depreciation, depletion and amortization expense associated with the preliminary fair value adjustment of approximately \$11,620 million allocated to plant, property, equipment and development costs as further discussed in adjustment D. Freeport-McMoRan has not completed an assessment of the fair values of assets and liabilities of Phelps Dodge and the related business integration plans and synergies. The ultimate purchase price allocation will include possible adjustments to the fair values of depreciable tangible assets, proven and probable reserves, reserves related to current development projects, VBPP and intangible assets after a full review has been completed. The concept of VBPP is described in Financial Accounting Standards Board Emerging Issue Task Force Issue No. 04-3 (EITF 04-3) and has been interpreted differently by mining companies. Our preliminary adjustment to property, plant, equipment and development costs, as discussed below, includes VBPP attributable to mineralized material that Freeport-McMoRan believes could be brought into production should market conditions warrant. Mineralized material is a mineralized body that has been delineated by appropriately spaced drilling and/or underground sampling to support reported tonnage and average grade of metal(s).

Such a deposit may not qualify as proven and probable reserves until legal and economic feasibility are concluded based upon a comprehensive evaluation of unit costs, grade, recoveries and other material

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factors. Our preliminary adjustments to property, plant, equipment and development costs do not include adjustments attributable to inferred mineral resources or exploration potential referred to in the EITF 04-3 Working Group Report No. 1. We intend to allocate a portion of the purchase price to all VBPP, including inferred mineral resources and exploration potential, in accordance with EITF 04-3 after performing a more thorough analysis to determine the fair value of these assets.

The preliminary allocation of \$11,620 million to property, plant, equipment and development costs is primarily based on a fair value assessment of estimated cash flows from Phelps Dodge's pro rata share of estimated proven and probable reserves, an estimated market value of Phelps Dodge's estimated VBPP attributable to mineralized material and valuation multiples applied to certain tangible assets. Freeport-McMoRan has not completed an assessment of the fair values of assets and liabilities of Phelps Dodge and the related business integration plans and synergies. The ultimate purchase price allocation will include possible adjustments to fair values of depreciable tangible assets, proven and probable reserves, reserves related to current development projects, mill and leach stockpiles, product inventories, VBPP and intangible assets after a full review has been completed.

For the purpose of preparing the unaudited pro forma condensed combined statements of income, Freeport-McMoRan assumed an average estimated remaining useful life of 20 years, which was based on an analysis of Phelps Dodge's estimated mine lives and on the estimated useful lives of other property, plant and equipment disclosed in Phelps Dodge's public filings and life-of-mine plans provided to Freeport-McMoRan. A one-year change in the estimated useful life would have a 5 percent impact on the pro forma depreciation, depletion and amortization expense. Additionally, for each \$1 billion that the final fair value of property, plant, equipment and development costs differs from the pro forma fair value, related depreciation, depletion and amortization expense would increase or decrease approximately \$50 million annually, assuming a weighted average 20-year life.

(K) This pro forma adjustment relates to borrowings under new \$10.0 billion term loan facilities and \$6.0 billion of the notes. The proceeds from borrowings under these facilities, in conjunction with available cash, were used for: (i) the \$88.00 per share cash payment to Phelps Dodge shareholders and (ii) payments for related transaction fees and expenses.

(L) Pro forma weighted average common stock and common stock equivalents outstanding are estimated as follows:

	Year Ended	
	December 31, 2006	
	Basic	Diluted
	(In millions)	
Average number of shares of historical Freeport-McMoRan common stock outstanding	190.7	221.5
Shares of Freeport-McMoRan common stock issued in connection with the business combination (Note 2)	137.0	137.0
Shares to be issued or issuable in connection with the issuance of the common stock offered hereby and the concurrent mandatory convertible preferred stock offering	41.0	81.8
Total	368.8*	440.4*

* Represents the sum of the numbers before rounding.

The average number of common shares outstanding gives effect to outstanding Phelps Dodge stock options and restricted stock, all eligible shares of which are assumed to be exercised or vested. Based upon public information reported and the current exchange offer ratio, Freeport-McMoRan estimates that the incremental number of shares of Freeport-McMoRan stock issuable upon the exercise and vesting of Phelps Dodge stock options and restricted stock would be approximately 1.4 million.

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(M) This pro forma adjustment eliminates amortization expense for past service costs and net actuarial losses relating to postretirement benefits recorded by Phelps Dodge.

(N) This pro forma adjustment recognizes imputed interest expense for the year ended December 31, 2006, resulting from the fair value adjustment of Phelps Dodge's long-term debt and acquisition-related debt discussed in Note (K) above at an assumed weighted average annual interest rate of approximately 7.5 percent. A 0.125% variance in the interest rate on the Tranche A term loan portion of the new senior credit facilities would cause an increase or decrease of \$3.1 million in interest expense. A 0.125% variance in the interest rate on the Tranche B term loan portion of the new senior credit facilities would cause an increase or decrease of \$9.4 million in interest expense. A 0.125% variance in the weighted average effective interest rate on the notes would cause an increase or decrease of \$1.3 million in interest expense.

(O) This pro forma adjustment recognizes the issuance of the common stock offered hereby and the concurrent mandatory convertible preferred stock offering and assumes that the net proceeds are used to reduce the Tranche A term loan by \$1,221.3 million and the Tranche B term loan by \$3,663.7 million. The prepayment of long-term debt also results in the acceleration of \$38.3 million of amortization of deferred financing costs which is recorded as part of the pro forma adjustment to interest expense.

4. Other

Amounts include charges for mark-to-market losses on Phelps Dodge's 2006 and 2007 copper price protection programs totaling \$1,008.9 million in revenues and \$766.8 million in income from continuing operations for the year ended December 31, 2006.

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OPERATING DATA OF FREEPORT-MCMORAN**

The following selected historical consolidated financial data, as of and for the years ended December 31, 2002, 2003, 2004, 2005 and 2006, have been derived from the audited consolidated financial statements of Freeport-McMoRan for those periods. The historical results presented below are not necessarily indicative of results that you can expect for any future period. You should read the table in conjunction with the sections entitled Use of Proceeds, Capitalization, Unaudited Pro Forma Condensed Combined Financial Statements, Summary Historical Financial and Operating Data of Freeport-McMoRan and the consolidated financial statements of Freeport-McMoRan and the related notes incorporated by reference herein. See Where You Can Find More Information.

	Years Ended December 31,				
	2002	2003	2004	2005	2006
	(In dollars, except average shares, and in millions, except per share amounts)				
Statement of operations data:					
Revenues	\$ 1,910.5	\$ 2,212.2	\$ 2,371.9	\$ 4,179.1	\$ 5,790.5
Operating income	640.1	823.3	703.6 ^(d)	2,177.3	2,868.7 ^(g)
Net income before cumulative effect of changes in accounting principles	130.1	169.8 ^(b)	156.8 ^{(d)(e)}	934.6 ^(f)	1,396.0 ^{(g)(h)}
Cumulative effect of changes in accounting principles, net	(3.0) ^(a)	(15.6) ^(c)			
Net income applicable to common stock	127.1	154.2 ^(b)	156.8 ^{(d)(e)}	934.6 ^(f)	1,396.0 ^{(g)(h)}
Basic net income per common share	0.88	0.99	0.86	5.18	7.32
Diluted net income per common share	0.87	0.97 ^{(b)(c)}	0.85 ^{(d)(e)}	4.67 ^(f)	6.63 ^{(g)(h)}
Dividends paid per common share		0.27	1.10	2.50	4.75
Basic average shares outstanding	144.6	155.8	182.3	180.3	190.7
Diluted average shares outstanding	146.4	159.1	184.9	220.5	221.5
Balance sheet data at end of year:					
Cash and cash equivalents ⁽ⁱ⁾	\$ 115.8	\$ 498.6	\$ 552.0	\$ 763.6	\$ 907.5
Total assets	4,192.2	4,718.4	5,087.0	5,550.2 ^(g)	5,389.8 ^(g)
Total debt ⁽ⁱ⁾	2,038.4	2,228.3 ^(c)	1,951.9	1,255.9	680.1
Redeemable preferred stock	450.0	(c)			
Stockholders' equity	266.8	776.0	1,163.6	1,843.0	2,445.1 ^(g)

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	Years Ended December 31,				
	2002	2003	2004	2005	2006
Operating data:					
PT Freeport Indonesia					
operating data, net of Rio					
Tinto s interest:					
Copper (recoverable)					
Production (000s of pounds)	1,524,200	1,291,600	996,500	1,455,900	1,201,200
Production (metric tons)	691,400	585,900	452,000	660,400	544,900
Sales (000s of pounds)	1,522,300	1,295,600	991,600	1,456,500	1,201,400
Sales (metric tons)	690,500	587,700	449,800	660,700	544,900
Average realized price per pound	\$ 0.71	\$ 0.82	\$ 1.37	\$ 1.85	\$ 3.13
Gold (recoverable ounces)					
Production	2,296,800	2,463,300	1,456,200	2,789,400	1,731,800
Sales	2,293,200	2,469,800	1,443,000	2,790,200	1,736,000
Average realized price per ounce	\$ 311.97				