

SECURITIES AND EXCHANGE COMMISSION

FORM 424B2

Prospectus filed pursuant to Rule 424(b)(2)

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FILER

FREEPORT MCMORAN COPPER & GOLD INC

CIK: **831259** | IRS No.: **742480931** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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SIC: **1000** Metal mining

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This Prospectus Supplement is filed under
Rule 424(b)(2) and relates to Registration
Statement No. 33-66098

SUBJECT TO COMPLETION, DATED JANUARY 7, 1994

PROSPECTUS SUPPLEMENT

(To Prospectus dated July 21, 1993)

3,750,000 Depositary Shares, Series II
[LOGO] FREEPORT-MCMORAN COPPER & GOLD
Each Representing 0.05 Shares of
Gold-Denominated Preferred Stock, Series II

Of the 3,750,000 Depositary Shares, Series II (the "Depositary Shares") being offered, 3,000,000 Depositary Shares initially are being offered in the United States by the U.S. Underwriters (the "United States Offering") and 750,000 Depositary Shares initially are being offered outside the United States by the International Managers (the "International Offering" and, together with the United States Offering, the "Offering"). The initial public offering price and the underwriting discounts and commissions for the United States Offering and for the International Offering are identical. See "Underwriting".

Each of the Depositary Shares represents 0.05 shares of Gold-Denominated Preferred Stock, Series II, par value \$0.10 per share (the "Gold-Denominated Preferred Stock"), of Freeport-McMoRan Copper & Gold Inc. (the "Company" or "FCX"), to be deposited with Mellon Securities Trust Company, as Depositary, and entitles the holder to all proportional rights, preferences and privileges of the Gold-Denominated Preferred Stock represented thereby. The Gold-Denominated Preferred Stock will be substantially identical to the Gold-Denominated Preferred Stock issued by the Company in August 1993 (the "Existing Gold-Denominated Preferred Stock") except for dates and amounts related to issuance, dividends and redemption. The Gold-Denominated Preferred Stock will rank, as to payment of dividends and distribution upon liquidation, pari passu with the Existing Gold-Denominated Preferred Stock, the Company's 7% Convertible Exchangeable Special Preference Stock (the "Special Preference Stock") and its Step-Up Convertible Preferred Stock (the "Step-Up Convertible Preferred Stock") and senior to the Company's Class A Common Stock and Class B Common Stock.

It is expected that the price to the public of the Depositary Shares will be approximately equal to one-tenth of \$_____, the London P.M. gold fixing price for one ounce of gold in the London bullion market on January __, 1994, the date of pricing. On January 6, 1994, the London P.M. fixing price for gold on the London bullion market was \$385.65 per ounce of gold.

Dividends on the Gold-Denominated Preferred Stock will be cumulative from the date of original issuance thereof (the "Issue Date") and are payable quarterly in an amount equal to the Dollar Equivalent Value (as defined herein) of ounces of gold per Depositary Share per quarter. The first quarterly dividend will be payable on May 1, 1994 and will be based upon the number of days the Depositary Shares are outstanding through such date.

The Depositary Shares will be subject to mandatory redemption on February 1, 2006 at the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share plus accrued and unpaid dividends. Except in limited circumstances, the Depositary Shares will not be subject to redemption at the option of the Company. The Depositary Shares will have a liquidation preference equal to the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share plus accrued and unpaid dividends. See "Description of Gold-Denominated Preferred Stock."

Application will be made to list the Depositary Shares on the New York Stock Exchange.

See "Special Considerations with Respect to the Offering" in this Prospectus Supplement and "Special Considerations" in the accompanying Prospectus for information that should be considered by prospective investors.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount (1)	Proceeds to Company (2)
Per Depositary Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

- (1) The Company has agreed to indemnify the U.S. Underwriters and the International Managers against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deduction of expenses payable by the Company estimated at \$_____.
- (3) The Company has granted the U.S. Underwriters a 30-day option to purchase up to 440,000 additional Depositary Shares solely to cover over-allotments, if any. The International Managers have been granted a similar option to purchase up to 110,000 additional Depositary Shares solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$_____, \$_____, and \$_____, respectively. See "Underwriting."

The Depositary Shares offered by this Prospectus Supplement are offered by the U.S. Underwriters subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the U.S. Underwriters and to certain further conditions. It is expected that delivery of the Depositary Receipts evidencing the Depositary Shares will be made at the offices of Lehman Brothers Inc. in New York, New York on or about January __, 1994.

LEHMAN BROTHERS

KIDDER, PEABODY & CO. INCORPORATED

MERRILL LYNCH & CO.

S.G. WARBURG & CO. INC.

January __, 1994

TEXT FOR RED.HERRING LEGEND:

INFORMATION CONTAINED IN THIS PRELIMINARY PROSPECTUS IS SUBJECT TO COMPLETION PURSUANT TO RULE 424 UNDER THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN DECLARED EFFECTIVE BY THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933. A FINAL PROSPECTUS AND ACCOMPANYING PROSPECTUS WILL BE DELIVERED TO PURCHASERS OF THESE SECURITIES. THIS PRELIMINARY PROSPECTUS AND THE ACCOMPANYING PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS SUMMARY

The following summary is qualified by the detailed information and

financial statements in this Prospectus Supplement and the accompanying Prospectus. Unless otherwise indicated, the information contained in this Prospectus Supplement assumes that the over-allotment options described under "Underwriting" are not exercised.

The Company

Freeport-McMoRan Copper & Gold Inc., a Delaware corporation formed in 1987 (the "Company" or "FCX"), is a subsidiary of Freeport-McMoRan Inc. ("FTX"). FCX's principal operating subsidiary is P.T. Freeport Indonesia Company ("PT-FI"), a limited liability company organized under the laws of the Republic of Indonesia and domesticated in Delaware. PT-FI engages in the exploration for and development, mining, and processing of copper, gold and silver in Indonesia and in the marketing of concentrates containing such metals worldwide. The Company believes that PT-FI has one of the lowest cost copper producing operations in the world, taking into account customary by-product credits for related gold and silver production. At September 30, 1993, FTX owned approximately 72% of the Company's common stock. It is expected that FTX's ownership will be approximately 70% as a result of conversion of the Company's Zero Coupon Exchangeable Notes due 2011 which have been called for redemption on January 18, 1994. At September 30, 1993, FCX owned 80% of the outstanding common stock of PT-FI. As a result of the conversion of the PT-FI notes which are parallel to the Company's Zero Coupon Exchangeable Notes, it is expected that the Company will own approximately 81.3% of the outstanding PT-FI common stock. Of the remaining 18.7% of the outstanding PT-FI common stock, it is expected that 9.35% will be owned by the government of the Republic of Indonesia (the "Government") and 9.35% will be owned by an Indonesian corporation, P.T. Indocopper Investama Corporation ("PT-II"), in which FCX owns a 49% interest.

PT-FI's Grasberg deposit in Irian Jaya, Indonesia now contains the largest single gold reserve of any mine in the world and one of the five largest open pit copper reserves. At December 31, 1992, PT-FI's total estimated proved and probable reserves were 20.9 billion payable pounds of copper and 32.1 million payable ounces of gold. In October 1993, FCX announced an expected addition of almost 4 billion payable pounds of copper and slightly over 2 million payable ounces of gold to its proved and probable reserve base, with most of the reserves being added in 1993. These additions resulted from delineation drilling at the Big Gossan mineral resource and from the Grasberg ore body resulting from the PT-FI mine and mill expansion discussed below. PT-FI's proved and probable reserves at Grasberg do not include any reserves below the 3,200 meter level, where additional exploration drilling will be required. PT-FI has begun driving an additional horizontal access adit from the mill site to a point below the currently delineated Grasberg ore body at the 2,900 meter level. This new adit, expected to be completed in 1996, will facilitate further deep exploration to delineate the extent of the Grasberg deposit below the 3,200 meter level. Preliminary drilling from the existing 3,700 meter level adit indicates significant additional mineralization below the existing proved and probable reserves. There can be no assurance, however, that PT-FI exploration programs will result in the delineation of additional reserves in commercial quantities.

A new contract of work signed by PT-FI and the Government on December 30, 1991 (the "New COW") covers both PT-FI's previous 24,700 acre mining area (the "1967 Mining Area") and a new contiguous 6.5 million acre exploration area (the "New COW Area"). On April 29, 1993, FCX's subsidiary, Eastern Mining Company, Inc., was granted exclusive exploration rights on 2.5 million acres adjacent to the New COW Area. In addition to continued delineation of the Grasberg deposit and the other existing deposits, PT-FI is continuing its ongoing exploration program for copper and gold mineralization within the 1967 Mining Area, and the 1993 year-end reserves are expected to include some reserves at Big Gossan. Big Gossan and the Wanagon anomaly, another zone being currently investigated, are located west of the Ertsberg open pit and southwest of the Grasberg copper/gold ore body. Preliminary exploration of the New COW Area has indicated many promising targets. Extensive stream sediment sampling within the new acreage has generated analytical results which are being evaluated. No assurance can be given that any of the exploration areas other than Big Gossan contains commercially exploitable mineral deposits. Exploration expenditures in Irian Jaya are estimated to be approximately \$32 million for 1993, compared to \$12.1 million for 1992.

During 1993 PT-FI completed, within budget and ahead of schedule, the

production facilities designed to enable it to mine and mill at least 66,000 metric tons* of ore per day ("MTPD"). Average mill throughput

* As used herein, "ton" refers to a metric ton, which is equivalent to 2,204.62 pounds on a dry weight basis.

during 1992 was 57,600 MTPD, an increase of over 50% from the average level of ore milled in 1991. The average mill throughput during 1993 is estimated to be more than 62,000 MTPD. Additionally, PT-FI has begun work on a further expansion to 115,000 MTPD which is expected to be completed by year-end 1995 and to result in annual production rates approaching 1.1 billion pounds of copper and 1.5 million ounces of gold.

In 1993 FCX acquired the Spanish company Rio Tinto Minera, S.A. ("RTM") as described under "Recent Developments".

PT-FI Gold Reserves and Production

Primarily as a result of the drilling operations at the Grasberg mine, PT-FI's proved and probable gold reserves as of December 31, 1992 had increased since December 31, 1988 by approximately 453% and from December 31, 1990 by approximately 65%. In 1992, PT-FI achieved record gold production of 641,000 payable ounces, an increase of more than 52% over 1991 production. 1993 production is expected to be more than 745,000 payable ounces. Based on currently anticipated production levels, PT-FI's proved and probable reserves provide for an anticipated mine life in excess of 20 years. See "The Company--P.T. Freeport Indonesia Company--Ore Reserves."

[GRAPHIC 1]

Gold Reserves(1) (2)

Annual Gold Production(1)

(Gold Reserve Graph)

(Annual Gold Production Graph)

(See Appendix)

(1) Reflects 100% of PT-FI's estimated proved and probable gold reserves and production and has not been adjusted for the minority ownership in PT-FI.

(2) PT-FI's estimated proved and probable reserves at the end of each of the years shown, as verified by Independent Mining Consultants, Inc. (See "Special Considerations--Reserves" in the accompanying Prospectus).

Recent Developments

Purchase of Interest in RTM

In March 1993, FCX acquired a 65% interest in RTM, which is principally engaged in the smelting and refining of copper in Spain, for approximately \$52 million, excluding transaction costs. In December 1993, RTM redeemed the remaining 35% interest for approximately \$19 million. RTM has announced plans to expand its smelter production capacity from its current 150,000 metric tons of metal per year to approximately 180,000 metric tons of metal per year by 1995 at a cost of approximately \$33 million. RTM is studying further expansion to as much as 270,000 metric tons of metal production per year. During 1993, PT-FI supplied RTM with approximately 90,000 metric tons of copper concentrate and is expected to supply approximately 150,000 metric tons in 1994, providing for approximately 20% and 33%, respectively, of RTM's requirements in those years. Beginning in 1996, PT-FI is expected to provide the RTM smelter with approximately one-half of its copper concentrate requirements. For further information concerning RTM, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein, the Company's Current Report on Form 8-K dated April 13, 1993, as amended May 21, 1993, and as amended August 5, 1993, incorporated by reference in the accompanying Prospectus (which Current Report includes financial information with respect to RTM and the RTM acquisition) and the Company's Current Report on Form 8-K

dated January 7, 1994 (which includes financial information as if RTM had been consolidated since March 30, 1993).

Infrastructure Projects

In late 1992, PT-FI reached an agreement with Huarte S.A., a Spanish construction company, to construct the initial phase of the Enhanced Infrastructure Project ("EIP"), which has an estimated cost of \$200 million. The full EIP includes plans for various residential, educational, retail, medical, recreational and athletic facilities to be constructed during the next 10 to 20 years, which facilities will be available for PT-FI's and its contractors' work forces and families.

In March 1993, the Company entered into a joint venture agreement with P.T. ALatief Nusakarya Corporation ("ALatief"), an Indonesian investor, which provides for the sale of certain portions of the EIP and certain existing assets by PT-FI to a joint venture or ventures (the "ALatief Joint Venture") owned one-third by PT-FI and two-thirds by ALatief for total consideration of \$270 million. Funding of the ALatief Joint Venture will be provided by \$90 million in equity contributions from the ALatief Joint Venture partners and \$180 million in debt financing, which is expected to be guaranteed by PT-FI, FCX or both. The sale of the first group of assets to the ALatief Joint Venture, primarily dormitory-style residential properties and associated food services facilities, was completed in December 1993, for a price of \$90 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." The sales which are anticipated for 1994 and later are subject to the execution of definitive agreements and certain Indonesian governmental approvals.

In December 1993, PT-FI announced the execution of a Letter of Intent with Duke Energy Corp. ("Duke Energy"), a wholly owned affiliate of Duke Power Company, and PowerLink Corporation ("PowerLink"), a subsidiary of Northstar Energy Corporation, pursuant to which PT-FI would sell its existing and to be constructed power generation and transmission assets and certain other power-related assets to a joint venture (the "Power Joint Venture") whose ownership consists of Duke Energy (30%), PowerLink (30%), PT-FI (30%) and an Indonesian investor (10%). The total value of the transaction is estimated at \$200 million and is expected to be concluded in two phases. The first sale, representing the existing assets, is expected to exceed \$100 million and to occur in mid-1994. The final sale, representing the to-be-constructed expansion-related assets, is expected to occur during the first half of 1995. Under the agreement, the Power Joint Venture will own these assets and be responsible for providing the electrical power services required by PT-FI at its mining, milling and support operations in Irian Jaya, Indonesia, including the power services required for the expansion of ore throughput to 115,000 MTPD. The transaction is subject to the execution of definitive agreements between PT-FI and the Power Joint Venture, financing, and certain Indonesian governmental approvals.

Call for Redemption of Zero Coupon Exchangeable Notes

In December 1993, FCX announced a call for redemption on January 18, 1994 of its Zero Coupon Exchangeable Notes due 2011, of which \$447.1 million principal amount at maturity (\$118.6 million accreted value) were outstanding. The redemption price was \$265.22 for each \$1,000 of principal. Noteholders, however, have the right to exchange each Note for the value of 15.01 shares of the Company's Class A Common Stock or the value of 0.6015 ounce of gold. Based on December 15, 1993, closing prices, those alternatives were worth approximately \$348.98 and \$231.94, respectively.

The Offering

Shares Offered by the Company 3,750,000 Depositary Shares representing 187,500 shares of Gold-Denominated Preferred Stock. Of the Depositary Shares offered, 3,000,000 shares are being offered by the U.S. Underwriters and 750,000 are being offered by the International Managers. Unless otherwise indicated in this Prospectus Supplement, references to the rights, preferences and other terms of the

Depository Shares are descriptions of the rights, preferences and other terms of the 0.05 underlying shares of Gold-Denominated Preferred Stock represented by each Depository Share. A holder of Depository Shares is not entitled to receive the shares of Gold-Denominated Preferred Stock underlying the Depository Shares.

Dividends

Cumulative cash dividends from the Issue Date, payable quarterly, in an amount equal to the Dollar Equivalent Value (as defined below) of ____ ounces of gold per Depository Share per quarter. The first quarterly dividend will be payable on May 1, 1994 and will be based upon the number of days the Depository Shares are outstanding through such date.

Rank

The Gold-Denominated Preferred Stock will rank as to payment of dividends (and distribution upon liquidation) pari passu with the Existing Gold-Denominated Preferred Stock, the Special Preference Stock and the Step-Up Convertible Preferred Stock and senior to the Company's Class A and Class B Common Stock.

Redemption

The Depository Shares will be subject to mandatory redemption, out of funds legally available therefor, on February 1, 2006 at an amount equal to the Dollar Equivalent Value of 0.10 ounces of gold per Depository Share plus accrued and unpaid dividends. The Depository Shares will not be subject to redemption at the option of the Company, except that if on any quarterly dividend payment date the total number of Depository Shares outstanding shall be less than 15% of the total number of Depository Shares outstanding after the offering, the Company will have the right to redeem the Depository Shares, in whole but not in part, at an amount equal to the Dollar Equivalent Value of 0.10 ounces of gold per Depository Share plus accrued and unpaid dividends to the date fixed for redemption. The Company will not have the right to make any mandatory or optional redemption of any Depository Shares unless full cumulative dividends for all past dividend periods shall have been paid or declared and set aside for payment upon all Depository Shares and all other outstanding shares of stock of the Company ranking, as to dividends, on a parity with the Depository Shares.

Reserve Coverage Offer

If the Company's Reserve Amount on any Calculation Date, as shown on a certificate prepared by the Company, is less than the Aggregate Reserve Requirement, the Company will be required to offer to purchase, at a price equal to the liquidation preference applicable thereto, out of funds legally available therefor, a sufficient number of Depository Shares and shares of (or depository shares representing) other series of Gold Parity Stock so that, if all such shares had been repurchased on the relevant Calculation Date, the Reserve Amount on that date would have been greater than or equal to the Aggregate Reserve Requirement. The

Reserve Coverage Requirement with respect to the Depositary Shares is 5.0 times the liquidation preference thereof. See "Description of Gold-Denominated Preferred Stock--Reserve Coverage Offer" for a summary of these provisions and the definitions of "Reserve Amount", "Aggregate Reserve Requirement", "Gold Parity Stock", "Reserve Coverage Requirement" and "Calculation Date."

Liquidation Rights

Each Depositary Share will be entitled to receive, upon dissolution, liquidation or winding up of the Company, the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share plus accrued and unpaid dividends.

Dollar Equivalent Value

The "Dollar Equivalent Value" of a specified number of ounces of gold means the Reference Gold Price multiplied by such number of ounces.

Reference Gold Price

"Reference Gold Price" means, when used to calculate the amount of any dividend payable on any quarterly dividend payment date, the arithmetic average of the London P.M. gold fixing price (or A.M. gold fixing price if there is no P.M. gold fixing price on the applicable trading day) for an ounce of gold in the London bullion market on each of the five trading days ending on the second trading day prior to the last day of the calendar quarter immediately preceding such payment date. When used to calculate any other amount payable with respect to the Depositary Shares or to purchase any Depositary Shares on any date, the "Reference Gold Price" means the arithmetic average of the London P.M. gold fixing price (or A.M. gold fixing price if there is no P.M. gold fixing price on the applicable trading day) for an ounce of gold in the London bullion market on each of the twenty trading days ending on the second trading day prior to (i) in the case of the mandatory redemption of the Depositary Shares, February 1, 2006, (ii) in the case of a Reserve Coverage Offer, the date of commencement thereof, (iii) in the case of any optional redemption of the Depositary Shares, the date fixed for such redemption, and (iv) in the case of a liquidation event, the date 30 days prior to the date fixed for the liquidating distribution.

Listing

Application will be made to list the Depositary Shares on the New York Stock Exchange.

Use of Proceeds

The net proceeds from the sale of the Depositary Shares are expected to be used in part to reduce borrowings under the PT-FI Credit Agreement, thereby increasing the facility's availability for general corporate purposes, and for general corporate purposes, including continued expansion of mining and milling operations. See "Use of Proceeds."

Summary Financial Data

The financial data included in the following table have been derived from the consolidated financial statements of the Company for the periods shown and also reflect consolidation of the balance sheet of RTM at September 30, 1993 and the results of operations of RTM since March 1993.

<TABLE>
<CAPTION>

	Years Ended December 31,					Nine Months Ended September 30,	
	1988	1989	1990	1991	1992	1992	1993
	(in thousands, except per share amounts and ratios)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Income statement data:							
Revenues.....	\$334,986	367,886	\$434,148	\$467,522	\$714,315	\$505,547	610,052
Operating income.....	199,756	203,234	204,549	177,720	276,429	203,131	50,935 (1)
Minority interest.....	16,559	17,415	13,726	12,199	31,075	23,329	(548)
Net income (loss).....							
applicable to							
common stock.....	93,913	98,927	90,179	96,159 (2)	122,868	90,407	(7,496) (1)
Net income (loss)							
per share.....	.55 (3)	.58	.52	.53 (2)	.66	.49	(.04) (1)
Dividends paid:							
FTX as sole share-							
holder.....	95,000	--	--	--	--	--	--
Per share of common							
stock(4).....	.16	.56	.69	.55	.60	.45	.45
Per depositary share							
representing Special							
Preference Stock.....	--	--	--	--	.49097	--	1.313
Balance sheet							
data (at end of period):							
Net property, plant							
and equipment.....	150,834	264,688	502,171	601,675	993,412	802,192	1,478,402
Total assets.....	291,116	415,072	676,727	1,157,615	1,694,005	1,635,157	1,928,356
Long-term debt							
(including current							
portion thereof).....	40,000	130,000	294,000	631,961	723,583	600,192	182,574
Minority interest.....	18,736	19,632	8,899	14,237	21,449	24,104	4,256
Stockholders' equity....	109,817	113,759	176,557	172,545	646,457	611,237	939,305
Ratio of earnings to							
fixed charges and							
minimum							
distributions(5):.....	15.1X	9.5X	5.6X	3.3X	3.8X	3.4X	-- (6)

</TABLE>

(1) Includes pretax charges totaling \$50.9 million (\$28.6 million to net income or \$0.14 per share) related to the restructuring of the administrative organization at FTX, the parent company of FCX, as well as reductions in the book carrying value of certain assets to estimated recoverable amounts.

(2) Reflects a \$5.8 million (\$0.03 per share) reduction for the cumulative effect of the change in accounting for postretirement benefits and a \$26.5 million (\$0.15 per share) reduction in PT-FI's income tax provision due to the signing of the New COW.

(3) Constitutes pro forma data which was computed based on the historical net income of the Company, assuming that 40,000,000 shares of Class A Common Stock and 130,760,000 shares of Class B Common Stock were outstanding for the period.

(4) Reflects the dividends paid since the Company's initial public offering in May 1988.

(5) For purposes of calculating the ratio of earnings to fixed charges and minimum distributions, earnings consist of income from continuing operations (including the restructuring and valuation charges discussed in Note 1) before

income taxes, minority interest and fixed charges. Fixed charges consist of interest and that portion of rent deemed representative of interest. Minimum distributions consist of the minimum required distributions on the Company's Class A Common Stock (minimum distribution requirements in respect of Class A Common Stock ended May 1, 1993), Special Preference Stock, Step-Up Convertible Preferred Stock and Existing Gold-Denominated Preferred Stock.

(6) Earnings were inadequate to cover fixed charges and minimum distributions by \$27.9 million. However, \$25.6 million in minimum distributions were attributable to the Company's Class A Common Stock requirements which ended May 1, 1993; therefore, such minimum distributions will not be required on an ongoing basis.

Selected Operating Data

<TABLE>
<CAPTION>

	Years Ended December 31,					Nine Months Ended September 30,	
	1988	1989	1990	1991	1992	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PT-FI Results(1)							
Mill Operations:							
Ore milled - metric tons (MT) per day.....	18,600	24,700	31,700	38,200	57,600	56,800	59,200
Average copper grade.....	2.05%	1.84%	1.61%	1.77%	1.59%	1.61%	1.53%
Grams of gold - per MT.....	.66	.60	.98	1.23	1.35	1.32	1.21
Payable Metal Production:							
Copper - thousand pounds.....	267,800	317,400	361,800	466,700	619,100	463,800	456,500
Gold - ounces.....	113,000	139,000	284,000	420,800	641,000	459,600	458,600
Payable Metal Sales:							
Copper - thousand pounds.....	271,800	317,800	348,000	439,700	651,800	465,700	443,700
Gold - ounces.....	115,000	140,000	273,000	397,900	679,300	460,000	440,400
Average Realizations:							
Copper - per pound(2)....	\$ 1.26	\$ 1.24	\$ 1.20	\$ 1.01	\$ 1.03	\$ 1.05	\$.91
Gold - per ounce.....	426.34	383.28	378.30	358.76	340.11	341.31	354.15
Gross Profit Per Pound of Copper:							
Average realized price.....	126.3c	123.6c	120.4c	101.1c	103.3c	104.8c	90.8c
Production costs:							
Site production and delivery.....	36.1	37.2	46.0	46.5	47.4	45.6	49.2
Gold and silver credits.....	(21.8)	(20.3)	(32.0)	(34.0)	(36.2)	(34.5)	(35.7)
Treatment charges.....	22.0	25.1	25.2	23.5	27.1	28.1	23.7
Royalty on payable metals.....	3.4	3.4	3.1	2.4	2.4	2.5	1.6
Cash production costs.....	39.7	45.4	42.3	38.4	40.7	41.7	38.8
Depreciation and amortization.....	7.8	7.8	10.2	8.7	7.4	7.4	8.7
Total production costs.....	47.5	53.2	52.5	47.1	48.1	49.1	47.5
Revenue adjustments(3).....	0.5	0.4	0.7	(2.9)	(0.4)	(0.1)	(3.2)
Gross profit per pound...	79.3c	70.8c	68.6c	51.1c	54.8c	55.6c	40.1c

RTM Results (since March 1993 acquisition)

Smelter operations:

Concentrate treated -- MT	224,500
New Anode production -- MT	90,500
Cathode production -- MT	69,700

Gold operations:

Ore milled -- MTPD	18,100
Grade -- grams per MT	1.04
Production -- payable ounces	88,200
Average realized price	\$366.94

<FN>

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(1) Mill operations, payable metal production, payable metal sales and average realizations reflect 100% of PT-FI's results and have not been adjusted for the minority ownership in PT-FI.

(2) Includes amounts recognized on current period sales under the price protection program. Excludes the adjustments discussed in Note 3.

(3) Reflects adjustments primarily for prior period concentrate sales contractually priced (net of related amounts recognized under the price protection program) or adjusted during the respective periods. In addition, for periods subsequent to the year ended December 31, 1990, reflects the cost of PT-FI's price protection program for such periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

</TABLE>

SPECIAL CONSIDERATIONS WITH RESPECT TO THE OFFERING

In addition to the special considerations outlined in the accompanying Prospectus, an investment in the Depositary Shares involves certain risks related to the terms of such securities. Accordingly, prospective investors should consider carefully the following special considerations, in addition to the other information concerning the Company and its business contained in this Prospectus Supplement and the accompanying Prospectus, before purchasing the Depositary Shares offered hereby.

Volatility of Payments on Gold-Denominated Preferred Stock

The amount payable by the Company with respect to the Depositary Shares (and the underlying Gold-Denominated Preferred Stock) on each quarterly dividend payment date, on the mandatory redemption date, upon liquidation and on any date on which the Company is required to purchase or permitted to redeem Depositary Shares is directly affected by the market price of gold. Market gold prices can fluctuate widely and are affected by numerous factors beyond the Company's control, including industrial and jewelry demand, expectations with respect to the rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted) and of other currencies, interest rates, central bank sales, forward sales by producers, global or regional political or economic events, and production costs and disruptions in major gold producing regions such as South Africa and the former Soviet Union. The demand for and supply of gold affect gold prices, but not necessarily in the same manner as supply and demand affect the prices of other commodities. The supply of gold consists of a combination of new mine production and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals. As the amounts produced in any single year constitute a very small portion of the total potential supply of gold, normal variations in production do not necessarily have a significant impact on the supply of gold or on its price. In addition, the price of gold has on occasion been subject to very rapid short-term changes due to speculative activities.

The redemption payment for each Depositary Share will vary as follows depending upon the following hypothetical Reference Gold Prices (as defined below under "Description of Gold-Denominated Preferred Stock--Dollar Equivalent Value and Reference Gold Price") of an ounce of gold:

Hypothetical Redemption Payment

Assumed Reference Gold Price per ounce for Redemption Date -----	Hypothetical Redemption Payment per Depositary Share* -----
\$100	\$10
200	20
300	30
400	40
500	50
600	60
700	70
800	80

* Plus accrued and unpaid dividends.

The amounts payable on each quarterly dividend payment date and on any date on which the Company is required to purchase or permitted to redeem Depositary Shares will also vary proportionally with the Reference Gold Price for the relevant payment.

In addition, the Reference Gold Price for any date is calculated by averaging market gold prices over a period of only 5 trading days (in the case of quarterly dividend payments) or 20 trading days (in the case of all other payments) ending on a specified date prior to the date such payment is to be made. Accordingly, the Reference Gold Price used to calculate any payment may well not be representative of market gold prices over either the life of the Depositary Shares or the period in respect of which such payment is made.

THE COMPANY

Freeport-McMoRan Copper & Gold Inc., a Delaware corporation formed in 1987 (the "Company" or "FCX"), is a subsidiary of Freeport-McMoRan Inc. ("FTX"). FCX's principal operating subsidiary is P.T. Freeport Indonesia Company ("PT-FI"), a limited liability company organized under the laws of the Republic of Indonesia and domesticated in Delaware. PT-FI engages in the exploration for and development, mining, and processing of copper, gold and silver in Indonesia and in the marketing of concentrates containing such metals worldwide. The Company believes that PT-FI has one of the lowest cost copper producing operations in the world, taking into account customary by-product credits for related gold and silver production. At September 30, 1993, FTX owned approximately 72% of the Company's common stock. It is expected that FTX's ownership will be approximately 70% as a result of conversion of the Company's Zero Coupon Exchangeable Notes due 2011 which have been called for redemption on January 18, 1994. At September 30, 1993, FCX owned 80% of the outstanding common stock of PT-FI. As a result of the conversion of the PT-FI notes which are parallel to the Company's Zero Coupon Exchangeable Notes, it is expected that the Company will own approximately 81.3% of the outstanding PT-FI common stock. Of the remaining 18.7% of the outstanding PT-FI common stock, it is expected that 9.35% will be owned by the government of the Republic of Indonesia (the "Government") and 9.35% will be owned by an Indonesian corporation, P.T. Indocopper Investama Corporation ("PT-II"), in which FCX owns a 49% interest. The Company also has a subsidiary, Eastern Mining Company, Inc. which on April 29, 1993 was granted an exploration permit, giving exclusive rights for a limited period to explore for minerals on 2.5 million acres adjacent to the 6.5 million acre exploration area covered by PT-FI's Contract of Work. See "The Company-- Eastern Mining Company, Inc." On March 30, 1993, the Company acquired a 65% interest in the capital stock of Rio Tinto Minera, S.A. ("RTM"), a company primarily engaged in the smelting and refining of copper concentrates in Spain. In December 1993, RTM redeemed the remaining 35% interest.

P.T. Freeport Indonesia Company

PT-FI's operations are located in the rugged highlands of the Sudirman Mountain Range in the province of Irian Jaya, Indonesia, located on the western half of the island of New Guinea. Over the last 25 years, PT-FI has met an extraordinary combination of engineering and construction challenges to

develop its mining and milling complex and supporting infrastructure in one of the least explored areas in the world. PT-FI's largest mine, Grasberg, discovered in 1988, contains the largest single gold reserve and one of the five largest open-pit copper reserves of any mine in the world. In order to develop the Grasberg deposit, PT-FI undertook an expansion to 66,000 MTPD which was completed in 1993 ahead of schedule and within budget. PT-FI has begun work on a further expansion of its overall mining and milling rate to 115,000 MTPD which is expected to be completed by year-end 1995 and to result in annual production rates approaching 1.1 billion pounds of copper and 1.5 million ounces of gold.

Contract of Work

From 1967 until the end of 1991, PT-FI's predecessor, Freeport Indonesia, Incorporated ("FII"), a Delaware corporation, operated as the sole contractor for the production and marketing of certain minerals from a 24,700 acre area (the "1967 Mining Area") under a contract of work with the Government (the "1967 COW").

On December 30, 1991, FII was merged into PT-FI and PT-FI and the Government signed the New COW, which superseded the 1967 COW. The New COW covers both the 1967 Mining Area and the New COW Area. The New COW has a 30-year term, with provisions for two 10-year extensions under certain conditions.

Ore Reserves

The following table summarizes PT-FI's estimated proved and probable reserves at the end of each of the years shown, as verified by Independent Mining Consultants, Inc. (see "Special Considerations--Reserves" in the accompanying Prospectus):

	December 31,				
	1988	1989	1990	1991	1992
	(in millions)				

Reserves:

Ore reserves - dry					
metric tons.....	204.5	256.4	445.7	768.0	733.2
Copper - payable pounds..	6,416	8,303	13,900	21,800	20,900
Gold - payable ounces....	5.8	8.1	19.5	32.4	32.1

Primarily as a result of the drilling operations at the Grasberg mine (see "Mines in Production" below), PT-FI's proved and probable copper and gold reserves as of December 31, 1992 had increased since December 31, 1988 by approximately 226% and 453%, respectively, and from year-end 1990 by 50% and 65%, respectively. PT-FI's Grasberg deposit now contains the largest single gold reserve of any mine in the world and one of the five largest open-pit copper reserves.

This increase in proved and probable reserves, net of production, reflects the addition of approximately 287.5 million tons of ore since December 31, 1990 (a 65% increase) as the result of a drilling program that includes data obtained from the surface down to the 3,200 meter elevation at the Grasberg copper/gold ore body, bringing total proved and probable ore reserves to approximately 733.2 million tons. In October 1993 FCX announced an expected addition of almost 4 billion payable pounds of copper and slightly over 2 million payable ounces of gold to its proved and probable reserve base, with most of the reserves being added in 1993. PT-FI's proved and probable reserves at Grasberg do not include reserves below the 3,200 meter level. PT-FI has begun driving an adit (the "Amole adit") from the mill site to a point below the currently delineated Grasberg ore body at the 2,900 meter level. This new adit, expected to be completed in 1996, will facilitate further deep exploration to delineate the extent of the Grasberg deposit below the 3,200 meter level where additional exploration drilling will be required. Preliminary drilling from the existing 3,700 meter adit indicates significant additional mineralization below the existing proved and probable reserves. There can be no assurance, however, that PT-FI's exploration programs will result in the delineation of additional reserves in commercial quantities.

PT-FI's proved and probable ore reserves at December 31, 1992 of

approximately 733.2 million tons had an average grade of 1.47% copper and 1.72 grams of gold per ton compared with approximately 768 million tons of ore with an average grade of 1.45% copper and 1.66 grams of gold per ton at December 31, 1991.

The Grasberg mine reserves alone approximate 647.7 million tons of ore at an average grade of 1.44% copper and 1.87 grams of gold per ton.

Mines in Production

PT-FI currently has two mines in operation: the Ertsberg East and the Grasberg, both within the 1967 Mining Area. PT-FI milled ore at an average rate of approximately 57,600 MTPD in 1992. The average mill throughput in 1993 is estimated to be more than 62,000 MTPD.

Open pit mining of the Grasberg ore body commenced in January 1990. In 1993, Grasberg mine output totaled approximately 19.8 million tons of ore and provided approximately 81% of total PT-FI ore production.

The Ertsberg East is an underground mine which commenced production in 1980. Block caving operations are conducted in two separate zones of the ore body with a common haulage level at 3,530 meters elevation. In 1993, mine output from Ertsberg East totaled approximately 4.4 million tons of ore and provided approximately 18% of total PT-FI ore production. Production from the Ertsberg East averaged 12,200 MTPD during 1993. The Ertsberg East mine is expected to deplete during the second half of 1994 and production primarily from Grasberg, supplemented by production from the Intermediate Ore Zone (the "IOZ") ore body (see "Mines in Development" below), is expected to displace the lost Ertsberg East production.

Mines in Development

The mine being developed at the IOZ ore body is situated approximately 350 meters above the 2,900 meter level adit. Delineation drilling and pre-production development began in 1991. The IOZ is being developed to gradually replace production from the Ertsberg East mine beginning in 1994 using the same block caving method. Mining will proceed downward from the IOZ to the Deep Ore Zone (the "DOZ").

The DOZ, also an underground mine within the 1967 Mining Area, lies vertically below the IOZ ore body and is currently capable of production. Initial production from the DOZ commenced in 1989. However, at the end of 1991, mine output from the DOZ was temporarily suspended, and it is anticipated that it will resume once the IOZ ore body has been depleted sometime after 1998.

Two major additions to PT-FI's underground mining operations, which are intended to replace underground production from the Ertsberg East when it becomes depleted, have previously been developed: the DOM ("DOM" from the Dutch word meaning "cathedral") and the IOZ, located vertically between the Ertsberg East and the DOZ ore bodies.

The DOM ore body's initial working level is some 380 meters above the Ertsberg East mining operation. The DOM ore body, when it is brought into production, will initially be mined using the block caving method. Pre-production development is complete and the first block cave area has been prepared. All maintenance, warehouse and service facilities are in place. Production at the DOM has been deferred as a result of the continued increase in the Grasberg ore reserves.

Exploration

In addition to continued delineation of the Grasberg deposit and other deposits discussed above, PT-FI is continuing its ongoing exploration program for copper and gold mineralization within the 1967 Mining Area. Two anomalous zones in the vicinity of PT-FI's current mining activities are under active exploratory drilling. The Big Gossan and Wanagon mineralizations are located west of the Ertsberg open pit, southwest of the Grasberg copper/gold ore body and anchor the ends of a clearly defined mineralized structure trending roughly east-west for 4.5 kilometers. The Big Gossan mineralization, as drilled to date, extends approximately 1,100 meters from just east of the intersection of the Amole adit.

Over 50 holes have been drilled from the Amole adit and from an exploration drift being driven in a westerly direction parallel to the Big Gossan structure, which drilling has established resources of approximately 15 million metric tons containing approximately 3% copper and 1 gram of gold per metric ton below the 2,900 meter level, some portion of which the Company anticipates including in year-end 1993 proved and probable reserves. Earlier surface drilling of the western portion of the Big Gossan anomaly, approximately 300-500 meters west of the underground drilling, established a mineral resource in excess of 6 million metric tons with an average grade of 5% copper and 2.9 grams of gold per metric ton. Further underground exploration of the resource established by the surface drilling as well as the area between it and the reserves discovered near the Amole adit will be carried out in 1994 from the exploration drift as it is extended.

Mine planning for development of the Big Gossan resource has commenced with development estimated to cost approximately \$100 million and to begin in late 1994 or early 1995.

During the first quarter of 1993, PT-FI initiated helicopter-supported surface drilling of the Wanagon gold/silver/copper prospect. Seven holes were drilled during 1993 at Wanagon, located 1.5 miles northwest of Big Gossan and 2 miles southwest of Grasberg. Significant copper values have been encountered below the 2,900 meter elevation. Target evaluation in other parts of the 1967 Mining Area is also continuing.

Preliminary exploration of the New COW Area has indicated many promising targets. Extensive stream sediment sampling within the new acreage has generated analytical results which are being evaluated. This sampling program, when coupled with the regional mapping completed on the ground and from aerial photographs, has led to the outlining of over 50 exploration targets. Detailed follow-up exploration of these anomalies by additional mapping and sampling and through the use of both aerial and ground magnetic surveys is now in progress. PT-FI has completed a fixed-wing air-magnetometer survey of the entire New COW Area and, together with extensive geologic data gathered from surface sampling, this air-magnetometer survey will enable PT-FI to efficiently direct future exploratory efforts. Drilling of several of these targets has already commenced.

PT-FI has focused its initial drilling in the New COW Area on two prospects 30 kilometers and 40 kilometers north of Grasberg that display anomalous geochemical and magnetic characteristics. Although these prospects require additional exploratory drilling, initial results indicate a large mineralized district that covers three times the aerial extent or approximately 75,000 acres when compared to the original 24,700-acre district that contained the Ertsberg, Grasberg, Ertsberg East, IOZ, DOZ, and DOM ore bodies. The discovery of widespread igneous activity, including volcanic rocks, in these new areas indicates the potential for Grasberg-type stockwork and porphyry deposits as well as skarn-type copper/gold deposits similar to the Ertsberg, Ertsberg East, IOZ, DOZ and DOM ore bodies. PT-FI has also initiated drilling programs for four other prospects. Drilling results are being interpreted. No assurance can be given that any of these new areas contain commercially exploitable mineral deposits.

Exploration expenditures in Irian Jaya are estimated to be approximately \$32 million for 1993, compared to \$12.1 million for 1992.

Milling and Production

Milling. Most of the ore from PT-FI's mines drops by force of gravity through an ore pass system to the mill site. At the mill site, which is located approximately 2,900 meters above sea level, the ore is crushed and ground. The powdered ore is then mixed in tanks with chemical reagents and continuously agitated with air. At this stage the copper-bearing concentrate rises to the top of the tanks from which it is removed and thickened. The product leaves the mill site as a thickened concentrate slurry, consisting of approximately 65% solids by weight. During 1992, the recovery rates for the milling facilities averaged approximately 88.2% of the copper content and 73.7% of the gold content of the ore processed.

Production. In 1992 PT-FI achieved record copper production of 619.1 million payable pounds, approximately 33% more than in 1991. Gold production

was a record 641,000 payable ounces, an increase of more than 52% over 1991. Copper and gold production for 1993 is estimated to be in excess of 640 million payable pounds and 745,000 payable ounces, respectively.

In 1993, PT-FI completed, within budget and ahead of schedule, the expansion of its production facilities, increasing its mining and milling capacity from 20,000 MTPD in 1989 to 57,000 MTPD in 1992 to 66,000 MTPD in 1993. PT-FI has begun work on a further expansion of its overall mining and milling rate to 115,000 MTPD at an estimated cost of approximately \$685 million, excluding the capital required for the Enhanced Infrastructure Project (the "EIP") and other infrastructure improvements. See "Transportation and Other Infrastructure" below. This production expansion is expected to be completed by year end 1995. Such expansion beyond 66,000 MTPD is subject to certain Government approvals. This expansion is expected to result in annual copper production approaching 1.1 billion pounds and annual gold production of approximately 1.5 million ounces.

Transportation and Other Infrastructure

Transportation. From the mill site, the thickened concentrate is pumped through two 115 kilometer pipelines to the port-site facility at Amamapare. At the port-site the slurry is filtered, dried and stored for shipping. When ships arrive, they are loaded at the dock facilities at the port-site until they draw their maximum water. The ships then normally move to deeper water, where loading is completed from the shuttling barges.

Other Infrastructure. The location of PT-FI's operations in a remote and undeveloped area requires that such operations be virtually self-sufficient. The facilities, in addition to those described above, include an airport, a heliport, a 104 kilometer road with bridges and tunnels, an aerial service tramway to transport personnel, equipment and supplies to the mines, a hospital and two town sites with schools, housing and other required facilities sufficient to support approximately 10,000 persons.

In conjunction with the expansion of the mining and processing facilities to 115,000 MTPD, the first phase of the EIP is being implemented. The EIP is a long term program created (1) to provide certain infrastructure facilities needed for PT-FI's operations, (2) to enhance the quality of conditions for PT-FI's employees and (3) to develop and promote the growth of local and other third party activities and enterprises in Irian Jaya through the construction of certain required physical support facilities. The full EIP includes plans for various commercial, residential, educational, retail, medical, recreational, environmental and other infrastructure facilities to be constructed during the next ten to twenty years. Depending on the success of PT-FI's exploration program, the total cost of the EIP could range between \$500 million and \$600 million. The first phase of the EIP is needed to support the 115,000 MTPD expansion and will cost approximately \$200 million. FCX anticipates that this will be completed by the end of 1995 and includes various residential, community and commercial facilities, increases in electric generating capacity and an extension of the principal road which will enable vehicle traffic to travel all the way to the portsite.

PT-FI has entered into certain agreements with Huarte S.A. ("Huarte"), a Spanish construction and engineering company. These agreements cover the design, engineering, procurement and construction of the facilities to be constructed in the first phase of the EIP. Together, the agreements give Huarte responsibility to deliver completed facilities to PT-FI.

In March 1993, PT-FI entered into a joint venture agreement with ALatief, an Indonesian investor, pursuant to which PT-FI will sell to the ALatief Joint Venture certain existing infrastructure assets and certain assets to be constructed as part of the EIP for total consideration of \$270 million. The ALatief Joint Venture, which is to be owned one-third by PT-FI and two-thirds by ALatief, is expected to purchase approximately \$90 million of EIP assets annually over the period 1993-1995, with funding provided by equity contributions from the ALatief Joint Venture partners (\$90 million) and debt financing (\$180 million), which is expected to be guaranteed by PT-FI, FCX or both. The sale of the first group of assets to the ALatief Joint Venture, primarily dormitory-style residential properties and associated food service facilities, was completed in December 1993, for a price of \$90 million. The sales which are anticipated for 1994 and later are subject to the execution of definitive agreements and certain Indonesian governmental approvals.

The acquired assets will be made available to PT-FI and its employees and designees under arrangements which will provide the ALatief Joint Venture with a guaranteed minimum rate of return on its investment. Certain existing EIP related contracts with Huarte will be assigned to the ALatief Joint Venture as appropriate.

In December 1993, PT-FI announced the execution of a Letter of Intent with Duke Energy and PowerLink, pursuant to which PT-FI would sell its existing and to be constructed power generation and transmission assets and certain other power-related assets to the Power Joint Venture whose ownership consists of Duke Energy (30%), PowerLink (30%), PT-FI (30%) and an Indonesian investor (10%). The total value of the transaction is estimated at \$200 million and is expected to be concluded in two phases. The first sale, representing the existing assets, is expected to exceed \$100 million and to occur in mid-1994. The final sale, representing the to-be-constructed expansion-related assets, is expected to occur during the first half of 1995. Under the agreement, the Power Joint Venture will own these assets and be responsible for providing the electrical power services required by PT-FI at its mining, milling and support operations in Irian Jaya, Indonesia including the power services required for the expansion of ore throughput to 115,000 MTPD. The transaction is subject to the execution of definitive agreements between PT-FI and the Joint Venture, financing, and certain Indonesian governmental approvals.

Marketing

PT-FI's copper concentrates, which contain significant gold and silver components, are sold primarily under long-term, U.S. dollar-denominated contracts, pursuant to which the selling price is based on world metals prices, generally the London Metal Exchange ("LME") settlement prices for Grade A copper metal, less certain allowances. Under a major long-term contract signed in late 1990, approximately 34% of the concentrates produced by PT-FI in 1992 were sold to a group of Japanese copper smelting companies. PT-FI also supplies copper concentrates to other Asian, European and North American smelters, including RTM, and international trading companies under long-term sales agreements. Approximately 66% of 1992 copper production was sold under long-term contracts, with the balance sold on the spot market. Spot sales were especially high in 1992 because the 57,000 MTPD expansion program was completed earlier than planned. Virtually all of PT-FI's 1993 production of copper concentrate was sold under prior commitments and PT-FI has commitments from various parties to purchase virtually all of its estimated 1994 production. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PT-FI has in place a price protection program that eliminates exposure to copper price declines below an average \$.90 per payable pound for estimated copper sales priced during 1994, while allowing full benefit to PT-FI for prices above that level. The cost of the 1994 price protection program, \$6 million, is included in product inventories and is being amortized as an adjustment to revenues as sales are priced during the appropriate period.

Eastern Mining Company, Inc.

FCX's subsidiary, Eastern Mining Company, Inc. ("Eastern Mining") was granted an exploration permit (the "SIPP") on April 29, 1993 which gives exclusive rights for a limited period to explore for minerals on 2.5 million acres (the "SIPP Area") adjacent to the 6.5 million acre exploration area covered by PT-FI's New COW. Preliminary exploration of the SIPP Area is under way.

A draft of a contract of work ("Eastern Mining Draft") was initialled on January 30, 1993 by the Ministry of Mines and Energy of Indonesia and Eastern Mining which covers the SIPP Area. The Eastern Mining Draft will be submitted to the President of Indonesia, with execution of a definitive contract of work expected in 1994. The Eastern Mining Draft, as initialled, provides for a 30-year term and for two 10-year extensions under certain circumstances. Upon execution, an Indonesian limited liability company will be formed to hold the definitive contract of work which initially is to be owned 80% by Eastern Mining and 10% by each of PT-II and an unrelated Indonesian corporation.

USE OF PROCEEDS

The net proceeds from the sale of the Depositary Shares offered hereby (estimated to be approximately \$_____ before deduction of expenses, assuming no exercise of the over-allotment options described under "Underwriting") will be used by PT-FI to fund capital expenditures associated with the expansion of mining and milling activities and to reduce borrowings under the PT-FI Credit Agreement, thereby increasing the facility's availability for general corporate purposes, including continued expansion of mining and milling operations. See "Capitalization."

Interest is currently payable on borrowings under the PT-FI Credit Agreement at an average rate of 6.0%. The interest rate on the borrowings is reset monthly based upon the London Interbank Offered Rate ("LIBOR"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company (which includes RTM) at September 30, 1993 and as adjusted to give effect to the sale of the Depositary Shares offered hereby and the redemption of the Zero Coupon Exchangeable Notes.

	September 30, 1993	
	Actual	As Adjusted
	-----	-----
	(in thousands)	
Cash and short-term investments.....	\$ 26,399	\$
	=====	=====
RTM revolving lines of credit.....	\$ 20,816	\$ 20,816
Current portion of RTM gold and silver denominated loans(2)	13,774	13,774
	-----	-----
Total current debt.....	34,590	34,590
RTM notes payable to banks.....	2,569	2,569
	-----	-----
RTM gold and silver denominated loans(2).....	28,954	28,954
Zero Coupon Exchangeable Notes due 2011.....	116,461	--
	-----	-----
Total long-term debt.....	147,984	31,523
	-----	-----
Minority interest.....	4,256	3,974
	-----	-----
Gold-Denominated Preferred Stock represented by depositary shares issued and outstanding 300,000 shares.....	232,620	232,620
Gold-Denominated Preferred Stock, Series II, represented by the Depositary Shares, Series II, offered hereby.....	--	--
	-----	-----
	232,620	-----
	-----	-----
Stockholders' equity:		
Preferred Stock, par value \$0.10, 2,000,000 shares authorized:		
Step-Up Convertible Preferred Stock represented by depositary shares, issued and outstanding 700,000 shares	350,000	350,000
Special Stock, par value \$0.10, 110,000,000 shares authorized:		
Special Preference Stock represented by depositary shares, issued and outstanding 26,400,000 shares.....	224,400	224,400
Class A Common Stock, par value \$0.10, issued and outstanding 57,077,926 shares(1).....	5,708	6,382
Class B Common Stock, par value \$0.10, authorized 200,000,000 shares, issued and outstanding 142,129,602 shares.....	14,213	14,213
Capital in excess of par value.....	347,935	-----

Cumulative foreign currency translation adjustment...	(6,951)	(6,951)
Retained earnings.....	--	--
	-----	-----
Total stockholders' equity.....	935,305	
	-----	-----
Total capitalization.....	\$1,354,755	\$
	=====	=====

- (1) Does not include (a) approximately 6.7 million shares of Class A Common Stock authorized for issuance upon exchange of the Company's Zero Coupon Exchangeable Notes due 2011 outstanding as of September 30, 1993 (which have been called for redemption on January 18, 1994), (b) approximately 8.9 million shares of Class A Common Stock authorized for issuance upon conversion of the Company's Special Preference Stock, or (c) approximately 11.4 million shares of Class A Common Stock authorized for issuance upon conversion of the Step-Up Convertible Preferred Stock.
- (2) Payable with 117,000 ounces of gold, 36,800 ounces within one year, and 1,059,000 ounces of silver, 423,600 ounces within one year, which are carried at the market prices of gold (\$331.70 per ounce) and silver (\$3.70 per ounce), respectively, at the date of acquisition.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Nine Months Ended September 30, 1993 Compared with Nine Months Ended September 30, 1992

The financial information herein set forth for the nine months ended September 30, 1993, reflect the operating results of RTM since its acquisition by FCX in March 1993. For the nine months ended September 30, 1993, FCX reported a net loss applicable to common stock of \$7.5 million (\$.04 per share) compared with net income of \$90.4 million (\$.49 per share) for the 1992 period. Net income for the nine months ended September 30, 1993 was reduced by \$28.6 million (\$.14 per share) related to administrative restructuring costs and asset recoverability charges.

FCX's effective tax rate for operations during the first nine months of 1993 and 1992 is higher than the Indonesian corporate tax rate of 35% due to \$17.1 million and \$8.1 million, respectively, of withholding tax on interest and dividends paid to FCX by PT-FI. An increase in distributions from PT-FI for dividends (one additional quarterly dividend) and interest (two new intercompany loans) resulted in the higher withholding tax for 1993. FCX's 1993 earnings reflect a reduced minority interest ownership of PT-FI as a result of FCX's purchase in December 1992 of 49% of a publicly traded Indonesian entity that owns a 10% interest in PT-FI. In addition, preferred dividends increased as a result of the two offerings discussed below.

A reconciliation of revenues from the 1992 to the 1993 period is presented below (in millions):

	Nine Months

Revenues - 1992.....	\$505.5
RTM revenues, net of intercompany sales.....	174.9
PT-FI concentrate:	
Price realizations:	
Copper.....	(65.2)
Gold.....	5.9
Sales volumes:	
Copper.....	(20.0)
Gold.....	(6.9)
Treatment charges.....	25.7
Adjustments to prior period concentrate sales..	(12.7)
Other.....	2.9

Revenues - 1993.....	\$610.1
	=====

Revenues in the 1993 period benefited from the acquisition of RTM, but were negatively impacted by a 13% decrease in copper price realizations, taking into account PT-FI's \$.90 per pound price protection program. Partially offsetting the decrease in copper price realizations was a 4% increase in nine month gold price realizations. Copper sales volumes in the 1993 period were 5% below the comparable 1992 level reflecting both the impact of the ore pass blockage discussed below during the second quarter of 1993 and the high level of sales in the 1992 period. Gold sales volumes for the nine-month period in 1993 reflects a 4% decrease from the 1992 period as a result of the ore pass blockage. Revenues benefited from a decline in treatment charges from the 1992 period, when PT-FI had more spot market sales of its copper/gold concentrate, which carried higher treatment charge costs than long-term contracts. Treatment charges vary with the price of copper, and consequently were reduced because of lower copper prices. Adjustments to prior period concentrate sales includes adjustments for changes in prices and weights on all metals for all prior period open sales as well as the related impact on treatment charges. Open copper sales at the beginning of 1993 were recorded at an average price of \$1.04, but subsequently were adjusted downward as copper prices fell during the period, negatively impacting 1993 revenues.

During the third quarter of 1993, copper prices dropped to their lowest levels since 1987, reflecting lower demand caused by the continuing global recession. PT-FI has in place a price protection program that eliminates exposure to copper price declines below an average \$.90 per payable pound for estimated copper sales priced during 1993 and 1994 while allowing full benefit to PT-FI for prices above that level. At September 30, 1993, 139.9 million pounds of copper remained to be contractually priced during future quotational periods. As a result of PT-FI's price protection program, these pounds are recorded at an average price of \$.90 per pound. RTM has a policy of eliminating significant exposure to copper price fluctuations by hedging purchases of concentrate at its smelter. PT-FI has obtained sales commitments from its purchasers for virtually all of its estimated 1994 production which is to be priced at the then current market price under the terms of the contracts.

In June 1993, one of PT-FI's four mill level ore passes caved, resulting in a partial blockage of the ore pass and a restriction at an adjacent pass. The blockage's primary effect was to limit mill throughput to approximately 40,700 metric tons of ore per day ("MTPD") for approximately eight weeks. The ore pass blockage has been overcome and production reached 66,000 MTPD in early August. The impact of the blockage was minimized by using an ore stockpile adjacent to the mill and the installation of conveyors to alternative ore pass systems. The copper recovery rate for the nine-month period of 1993 was adversely affected because the ore milled from the stockpile contained higher than normal oxidized copper, which yields lower copper recoveries. Full year 1993 sales are estimated to have been in excess of 640 million payable pounds of copper and 745,000 payable ounces of gold. Copper and gold sales volumes for 1994 are expected to be at least equal to the estimated 1993 volumes.

Unit site production and delivery costs increased 3.6 cents per pound for the nine months of 1993 primarily as a result of costs incurred in connection with the ore pass blockage, lower production volumes and lower copper recovery rates. Unit cash production costs benefited from lower treatment charges and from higher gold and silver credits.

Effective January 1, 1993, the PT-FI depreciation rate increased to 8.3 cents per payable pound because of the 66,000 MTPD expansion. FCX is also amortizing approximately \$.6 million a quarter for the cost in excess of book value relating to the December 1992 purchase of 49% of the publicly traded Indonesian entity that owns a 10% interest in PT-FI, as discussed above. RTM depreciation totaled \$6.5 million for the 1993 period.

Exploration expenses in Irian Jaya are estimated to be \$32 million for the full year 1993, compared to \$12.1 million for 1992, as a result of the aggressive exploration of the 24,700 acre original contract of work area, the contiguous 6.5 million acre exploration area and the adjacent 2.5 million acre area covered by the exploration permit granted in April 1993.

Enhanced Infrastructure Project

PT-FI has an agreement with Huarte S.A., ("Huarte") to construct the

initial phase of its Enhanced Infrastructure Project ("EIP"), with an estimated cost of \$200 million. Depending on the success of PT-FI's exploration program, the total cost of the EIP, including subsequent phases, is currently anticipated to range between \$500 million and \$600 million.

Under the terms of a March 1993 agreement with ALatief, an Indonesian investor, certain portions of the EIP and certain existing assets are to be sold by PT-FI to a joint venture owned one-third by PT-FI and two-thirds by ALatief for total consideration of \$270 million. The ALatief Joint Venture is expected to purchase approximately \$90 million of EIP assets annually through 1995, with funding provided by equity contributions from the joint venture partners (\$90 million) and debt financing (\$180 million), which is expected to be guaranteed by PT-FI, FCX or both. The acquired assets will be managed by ALatief and will be made available to PT-FI and its employees and designees under arrangements that will provide the ALatief Joint Venture with a guaranteed minimum rate of return on its investment.

In December 1993 the ALatief Joint Venture entered into a \$60 million medium term loan facility (guaranteed by PT-FI) with a syndicate of international banks which was arranged by Chase Manhattan Bank and American Express Bank. The purpose of the loan was to partially finance the acquisition of the first \$90 million of EIP assets from PT-FI.

1992 Results of Operations Compared With 1991

FCX's 1992 net income applicable to common stock was \$122.9 million (\$0.66 per share), which reflects FCX's 80 percent ownership interest in PT-FI, compared with its 90 percent interest in PT-FI during 1991.

In 1991 FCX reported net income of \$96.2 million (\$0.53 per share), after a noncash charge of \$5.8 million (\$0.03 per share) to reflect the change in accounting for postretirement benefits. The New COW provides for a reduction in the corporate income tax rate of PT-FI (from 42 percent to 35 percent) and withholding tax on interest for debt incurred after the signing of the New COW and on dividends paid to FCX by PT-FI (at a 15 percent rate). The Indonesian tax rate reduction resulted in a decrease in deferred taxes and a \$26.5 million (\$0.15 per FCX share) credit to PT-FI's tax provision in 1991. As a result of the additional withholding required on interest and on dividends paid to FCX by PT-FI, the Company's total effective tax rate still approximates the tax rate under the previous contract of work.

Revenues in 1992 totaled \$714.3 million compared with \$467.5 million in 1991, including revenues from gold sales, before reduction for applicable royalties and treatment charges, of \$229.6 million and \$143 million, respectively. The increase in revenues is primarily attributable to a 48 percent increase in copper sales volumes and a 71 percent increase in gold sales volumes, reflecting higher production rates due to the mine/mill expansion, higher gold grades, and the sale of all year-end 1991 inventory. Concentrate sales in 1992 included 651.8 million pounds of copper (\$1.03 average realization per pound) and 679,300 ounces of gold (\$340.11 average realization per ounce) compared with 1991 sales of 439.7 million pounds of copper (\$1.01 average realization per pound) and 397,900 ounces of gold (\$358.76 average realization per ounce). A \$5.7 million upward revenue adjustment was made in 1992 compared with a \$6.8 million downward revenue adjustment in 1991 for prior year concentrate sales contractually priced during the period. The amortization of the price protection programs decreased revenues by \$8.9 million in 1992 and \$6.2 million in 1991. Revenues were negatively impacted by a 3.6 cents per pound increase in treatment charges compared with 1991 because of tight market conditions in the smelting industry earlier in the year and increased spot market sales attributable to higher than anticipated production due to the early completion of the 57,000 MTPD expansion program.

The 1992 cost of sales totaled \$357.2 million, an increase of 47 percent from 1991 due primarily to the 48 percent increase in copper sales volumes. Unit site production and delivery costs remained about the same, 47.4 cents in 1992 compared with 46.5 cents in 1991. FCX's depreciation rate declined from an average 8.7 cents per payable pound during 1991 to 7.4 cents in 1992, reflecting the significant increase in ore reserves during 1991.

FCX's general and administrative expenses during 1992 were \$68.5 million compared with \$40.6 million in 1991, reflecting several financing transactions

and operational and environmental studies in 1992 which required additional corporate personnel whose salaries and related overhead were charged to the Company. General and administrative expenses also increased because of the additional personnel and facilities needed in Indonesia for the expanding operations and because of the ongoing efforts to assist the Indonesian people by providing housing, medical, educational, training and development programs in the vicinity of the PT-FI operations.

Interest expense was \$18.9 million during 1992 compared with \$21.5 million in 1991, excluding \$24 million and \$18.3 million of capitalized interest in 1992 and 1991, respectively.

Capital Resources and Liquidity

Cash flow from operations (including RTM) was \$65.8 million for the first nine months of 1993, compared with \$107.7 million for the 1992 period. Cash flow from operations in 1993 was negatively impacted by lower net income, while the 1992 period was negatively impacted by a significant increase in accounts receivable due to expanding sales volumes. During 1993, other accounts receivable increased by \$18.1 million reflecting the revenues to be received for the 139.9 million pounds of copper remaining to be contractually priced which are recorded at \$.90 per pound under the price protection program. Cash flows were decreased by increased funding for inventories to support the expanding mining and milling operations. The initial noncash impact of the acquisition of RTM on FCX's consolidated balance sheet was to decrease working capital by \$15.1 million, increase property, plant and equipment by \$243.3 million, and increase long-term liabilities by \$170.3 million.

Cash flow used in investing activities totaled \$316.4 million, reflecting capital expenditures for expansion of operations, the EIP and the acquisition of RTM.

Cash flow used in financing activities totaled \$97.5 million compared with \$503.8 million provided by financing activities during the 1992 period. FCX issued shares of its Step-Up Convertible Preferred Stock and its Existing Gold-Denominated Preferred Stock during the third quarter for net proceeds totaling \$561.1 million. Net proceeds from the two offerings were used in part to reduce borrowings under the PT-FI credit agreement (\$550 million net reduction during the year), thereby increasing the facility's availability for general corporate purposes and the continued expansion of mining and milling operations. In 1992, \$212.5 million was received from the sale of a 10% interest in PT-FI to Indonesian investors in December 1991 and \$392 million was received from the sale of Class A common stock and Special Preference Stock. Dividend payments rose in 1993 due to increased Class A shares outstanding and dividends paid on the depositary shares issued in 1992.

During the first nine months of 1993 Zero Coupon Exchangeable Notes (the "Notes") with a face value of \$259.6 million were exchanged for 3.9 million FCX Class A common shares, leaving Notes with a face value of \$449 million outstanding (43% of the original face amount issued). In December 1993 PT-FI issued shares of its stock to FCX upon conversion of PT-FI notes comparable to the Notes. See "Recent Developments--Call for Redemption of Zero Coupon Exchangeable Notes."

At September 30, 1993, FCX had \$26.4 million of cash and short-term investments compared with \$371.8 million at December 31, 1992. The significant reduction reflects the reduction in borrowings under PT-FI's amended credit agreement as well as capital expenditures and dividends paid during 1993. PT-FI amended its \$550 million credit agreement in June 1993. The amended credit agreement, which, among other things, eliminated a required debt service reserve and provided a lower interest rate, is guaranteed by FCX and its parent company, Freeport-McMoRan Inc. ("FTX"), expires on December 31, 1999 and is structured as a three year revolving line of credit followed by a 3 1/2 year reducing revolving credit facility. As of October 15, 1993, \$460 million was available under the credit facility. To the extent FTX and its other subsidiaries incur additional borrowings, the amount available to PT-FI under the credit facility will be reduced.

In October 1993 FCX announced an expected addition of almost 4 billion payable pounds of copper and slightly over 2 million payable ounces of gold to its proved and probable reserve base, with most of the reserves being added in

1993. These expected reserve additions resulted from delineation drilling at the Big Gossan mineral resource and from the Grasberg ore body resulting from the 115,000 MTPD expansion discussed below.

Through 1995, capital expenditures are expected to be greater than cash flow from operations. Upon completion of the expansion to 115,000 MTPD by year-end 1995, annual production is expected to approach 1.1 billion pounds of copper and 1.5 million ounces of gold. Subsequently, capital expenditures will be determined by the results of FCX's exploration activities and ongoing capital maintenance programs. Estimated capital expenditures through 1995 for the expansion to 115,000 MTPD, the initial phase of the EIP and ongoing capital maintenance expenditures are expected to range from \$800 million to \$900 million and will be funded by operating cash flow, sales of existing and to-be-constructed infrastructure assets and a wide range of financing sources available as a result of the future cash flow from PT-FI's mineral reserve asset base. These sources include, but are not limited to, PT-FI's credit facility and the issuances of public and private securities. Additional expenditures for EIP assets beyond the initial phase, which could range between \$300 million and \$400 million, depend on the success of PT-FI's exploration program. Additional EIP expenditures, if any, would be expected to be funded largely by third-party financing sources, which may include debt, equity or asset sales.

The new contract of work contains provisions for PT-FI to conduct or cause to be conducted a feasibility study relating to the construction of a copper smelting facility in Indonesia and for the eventual construction of such a facility, if it is deemed to be economically viable by PT-FI and the Government of Indonesia. PT-FI is participating in a group assessing the feasibility of constructing a copper smelting facility in Indonesia. PT-FI would hold a minority interest in the smelter and supply one-half of the smelter's copper concentrate requirements at market prices.

In March 1993, FCX acquired a 65% interest in RTM. RTM's operations currently consist of a copper smelter and a gold mine with an estimated remaining mine life of less than four years. The FCX purchase proceeds (approximately \$52 million) will be used by RTM for working capital requirements and capital expenditures, including funding a portion of the costs of the expansion of its smelter production capacity from its current 150,000 metric tons of metal per year to 180,000 metric tons of metal per year by April 1995 at a cost of \$33 million. RTM is also studying further expansion of the smelter facilities to as much as 270,000 metric tons of metal production per year and is assessing the opportunity to expand its tankhouse operations from 135,000 metric tons per year to 215,000 metric tons per year. PT-FI has a long-term contract with RTM to provide the smelter with a significant portion of its copper concentrate requirements.

RTM cash flow from operations for the nine months in 1993 was positive, but cash requirements related to restructuring costs resulted in negative cash flow. RTM has had to rely on short-term credit facilities and the FCX purchase proceeds to fund this shortfall. RTM is evaluating financing alternatives to fund its short-term needs and to provide long-term funding for the smelter and tankhouse expansions. RTM's ability to generate future cash flows is dependent on a number of variables including fluctuations in the exchange rate between the United States dollar and the Spanish peseta, future prices and sales volumes of gold, the size and timing of the smelter and tankhouse expansions, and the supply/demand for smelter capacity and its impact on related treatment and refining charges.

Payment of future dividends by FCX will depend on the payment of dividends by PT-FI, which, in turn, depends on PT-FI's economic resources, profitability, cash flow and capital expenditures. It is the policy of PT-FI to maximize its dividend payments to stockholders, taking into account its operational cash needs including debt service requirements. FCX currently pays an annual cash dividend of 60 cents per share to its common shareholders. Management anticipates that this dividend will continue at this level through completion of the expansion in 1995, absent significant changes in the prices of copper and gold. However, FCX's Board of Directors determines its dividend payment on a quarterly basis and in its discretion may change or maintain the dividend payment. In determining dividend policy, the Board of Directors considers many factors, including current and expected future prices and sales volumes, future capital expenditure requirements and the availability and cost of financing from third parties.

Cash flow from financing activities increased to \$618.2 million in the year ended 1992. PT-FI received \$212.5 million in January 1992 for the sale of a 10 percent interest in PT-FI on December 31, 1991 to Indonesian investors. In July 1992, FCX sold 8.6 million shares of its Class A Common Stock and 9 million depositary shares to the public for net proceeds totaling \$392 million. Each depositary share represents 2-16/17 shares of FCX's Special Preference Stock. A portion of the proceeds was used to purchase a 49 percent interest in a publicly traded Indonesian entity which owns a 10 percent interest in PT-FI, and \$145.7 million, net of expenses, was loaned to PT-FI on January 5, 1993, in exchange for an 8.235 percent convertible subordinated debenture due August 1, 2007.

FCX's cash flow from operations increased to \$252.6 million during the year ended 1992 compared with \$73.9 million for 1991, due primarily to higher net income. Customer accounts receivable rose by \$76.1 million to \$130.6 million because of increased sales. Materials and supplies increased over year-end 1991 as additional explosives, reagents and chemicals, fuel and spare parts are required for the expanding operations. Offsetting the increases in receivables and materials and supplies was an increase in accounts payable and accrued liabilities associated with the expansion activities.

For the year ended December 31, 1991, consolidated working capital increased by \$379.6 million from December 31, 1990, as a result of the \$212.5 million receivable for the sale of PT-FI shares, higher cash balances, higher accounts receivable due to increased sales, and higher materials and supplies inventories. Cash flow from financing activities increased from \$116.9 million in 1990 to \$202.4 million in 1991. In July 1991, FCX sold \$1.035 billion face amount of Zero Coupon Exchangeable Notes for net proceeds of \$218.6 million, which proceeds were loaned to PT-FI under similar terms. Such proceeds are being used for general corporate purposes, including funding of the expansion program.

Marketing Considerations

The Company's copper concentrates, which contain significant gold components, are sold primarily under long-term sales agreements which accounted for 66 percent of the Company's 1992 sales, with the balance sold in the spot market. Virtually all of PT-FI's 1993 production of copper concentrate was sold under prior commitments and PT-FI has commitments from various parties to purchase virtually all of its estimated 1994 production. Concentrate sales agreements provide for provisional billings based on LME metals prices, generally at the time of loading. Actual settlement is based on LME copper prices per the terms of the contract. As is customary within the industry, sales under these long-term contracts usually "final price" within a few months of shipment. Certain terms of the long-term contracts, including treatment charges, are negotiated annually to reflect current market conditions.

The Company's increased production capacity has enabled FCX to become a global marketer. Although the Company's principal markets continue to be Japan and Asia, FCX is building long-term relationships in Europe and North America, including its recent acquisition of RTM. Through its global marketing efforts, FCX has obtained commitments from its purchasers for virtually all of its 1993 and estimated 1994 production. Such commitments will be priced at the then current market price per the terms of the contract.

Fourth Quarter Operations

Sales during the fourth quarter of 1993 are estimated to have been approximately 200 million payable pounds of copper and more than 300,000 ounces of payable gold. The gold production was above average because of the unusually high gold content of the ore milled. Even though copper prices averaged significantly below \$.90 per pound during the quarter, PT-FI was able to realize above-market prices because of the \$.90 per pound price protection program. However, fourth quarter 1993 copper price realizations will be below the \$1.03 per pound level achieved in the comparable 1992 quarter. The average price of gold during the fourth quarter of 1993 based on the London P.M. fixing price was \$373 per ounce, significantly exceeding the average gold realization during the fourth quarter of 1992 of \$337 per payable ounce. Net income for the fourth quarter of 1993 is expected to exceed the \$23.4 million reported for the comparable 1992 quarter.

DESCRIPTION OF GOLD-DENOMINATED PREFERRED STOCK

General

The following summary description of the Gold-Denominated Preferred Stock offered hereby supplements the description of the terms of the Preferred Stock set forth under the caption "Description of Preferred Stock" in the accompanying Prospectus. The statements herein and in the Prospectus are summaries of certain provisions relating to the capital stock of the Company and are qualified in their entirety by the provisions of the Company's Certificate of Incorporation, a copy of which has been filed with the Securities and Exchange Commission as an exhibit to the Registration Statement of which the Prospectus forms a part and the Certificate of Designations for the Gold-Denominated Preferred Stock which will be filed with the Secretary of State of the State of Delaware. A holder of the Depositary Shares offered hereby is not entitled to receive the shares of Gold-Denominated Preferred Stock underlying the Depositary Shares, and the description of the Gold-Denominated Preferred Stock should therefore be read in connection with the discussion under "Description of Depositary Shares." The Gold-Denominated Preferred Stock will be substantially identical to the Existing Gold-Denominated Preferred Stock except for dates and amounts related to issuance, dividends and redemption.

The Company will serve as transfer agent and registrar with respect to the Gold-Denominated Preferred Stock.

No payment of dividends or any other amounts due in respect of the Depositary Shares is or will be secured by any gold reserves of the Company or PT-FI.

Dividends

The holders of shares of Gold-Denominated Preferred Stock will be entitled to receive, out of funds legally available therefor, cumulative cash dividends, payable quarterly in an amount equal to the Dollar Equivalent Value (as defined below) of _____ ounces of gold per Depositary Share (equivalent to _____ ounces of gold per share of Gold-Denominated Preferred Stock) per quarter, in each case when, as and if declared by the Board of Directors of the Company. Dividends on the Gold-Denominated Preferred Stock will accrue and be cumulative from the date of its original issue and will be payable to the holder of record on such respective record dates as may be fixed by the Board of Directors in advance of the payment of each dividend. See "Description of Preferred Stock--Dividends" in the accompanying Prospectus. After full cumulative dividends on the Gold-Denominated Preferred Stock for all past and current quarterly dividend periods have been paid in full, the Gold-Denominated Preferred Stock will not be entitled to participate in any further distributions of the Company. The first quarterly dividend will be payable on May 1, 1994 and will be based upon the number of days the Depositary Shares are outstanding through such date. On or before the fifth business day preceding each record date for the payment of a dividend in respect of the Gold-Denominated Preferred Stock, the Company will cause to be published in The Wall Street Journal (Eastern Edition) or, if such newspaper is not then published, in a newspaper or other publication of national circulation, the amount of the dividend payable in respect of each Depositary Share on the next succeeding dividend payment date.

Whenever the Gold-Denominated Preferred Stock provides for the Company to make a payment of accrued and unpaid dividends (i) upon the redemption of the Depositary Shares on February 1, 2006, (ii) in the case of any offer to purchase Depositary Shares due to a failure to meet the Reserve Coverage Ratio on any Calculation Date, (iii) in the case of any optional redemption of the Depositary Shares and (iv) in the case of a liquidation event, such accrued and unpaid dividends per Depositary Share will be equal to the sum of (a) the aggregate amount of any accrued and unpaid dividends on such Depositary Share through the next preceding quarterly dividend payment date (calculated as provided in the preceding paragraph) plus (b) a proportionate amount of the Dollar Equivalent Value of _____ ounces of gold per Depositary Share (equivalent to _____ ounces of gold per share of Gold-Denominated Preferred Stock) for the period from the day following the immediately preceding

quarterly dividend payment date through the redemption date, the Purchase Date (as defined below) or date of a liquidating distribution (calculated on the basis of a year of 360 days consisting of twelve 30-day months) where the Reference Gold Price (as defined below) is the amount used to calculate the other amounts payable to holders of Depositary Shares in connection with such redemption, purchase or liquidation event. If a quarterly dividend is not declared and paid as provided above, the unpaid dividend that shall cumulate for such quarter will be the amount of the dividend that would have been payable on the quarterly dividend payment date if such dividend had been timely paid.

Voting Rights

Except for the voting rights described below and in the Prospectus and except as otherwise provided by law, the holders of shares of Gold-Denominated Preferred Stock will not be entitled to vote on any matter or to receive notice of, or to participate in, any meeting of stockholders of the Company.

In lieu of the voting rights described in the last sentence of the first paragraph under "Description of Preferred Stock--Voting" in the accompanying Prospectus, and so long as any shares of Gold-Denominated Preferred Stock remain outstanding, the Company will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Gold-Denominated Preferred Stock (voting separately as a class), given in person or by proxy, either in writing or at a meeting, amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of the Certificate of Incorporation, so as to materially and adversely affect any right, preference, privilege or voting power of the Gold-Denominated Preferred Stock or the holders thereof or create, authorize or issue any series or class of stock ranking senior to the shares of Gold-Denominated Preferred Stock with respect to dividends or distribution of assets upon liquidation, dissolution or winding up; provided, however, that any increase in the total number of authorized shares of Class A Common Stock, Special Stock or Preferred Stock or the creation, authorization or issuance of any series of stock of the Company ranking, as to dividends or distribution of assets upon liquidation, dissolution or winding up of the affairs of the Company, on a parity with, or junior to the shares of the Gold-Denominated Preferred Stock will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers. See "Description of Preferred Stock--Voting" in the accompanying Prospectus.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after payment or provision for payment of the debts and other liabilities of the Company and of dividends and liquidation preferences in respect of any other stock of the Company ranking senior to the Gold-Denominated Preferred Stock as to such payments, the holders of Gold-Denominated Preferred Stock will be entitled to receive, out of the remaining net assets of the Company, the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share (equivalent to 2.0 ounces of gold per share of Gold-Denominated Preferred Stock) in cash plus accrued and unpaid dividends (calculated as described above under "--Dividends") on a pari passu basis with the holders of the Existing Gold-Denominated Preferred Stock, the Special Preference Stock, the Step-Up Convertible Preferred Stock and any other stock of the Company ranking on a parity with the Gold-Denominated Preferred Stock and senior to any distribution being made or set apart for the holders of the Class A or Class B Common Stock or any other stock of the Company ranking junior to the Gold-Denominated Preferred Stock as to dividends and distribution of assets upon liquidation, dissolution or winding up of the affairs of the Company. See "Description of Preferred Stock--Liquidation" in the accompanying Prospectus. For purposes of this section, a consolidation or merger of the Company with one or more other companies or the sale of all or substantially all of the assets of the Company shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

Redemption

The Depositary Shares will be subject to mandatory redemption, out of funds legally available therefor, on February 1, 2006 at the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share (equivalent to 2.0 ounces of

gold per share of Gold-Denominated Preferred Stock) plus accrued and unpaid dividends (calculated as described above under "--Dividends").

The Depositary Shares will not be subject to redemption at the option of the Company, except that if on any quarterly dividend payment date the total number of Depositary Shares outstanding shall be less than 15% of the total number of Depositary Shares outstanding after the Offering (giving effect to any exercise of the over-allotment options described under "Underwriting"), the Company shall have the option to redeem such outstanding Depositary Shares, in whole but not in part, out of funds legally available therefor, at an amount equal to the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share (equivalent to 2.0 ounces of gold per share of Gold-Denominated Preferred Stock) plus accrued and unpaid dividends to the date fixed for redemption (calculated as described above under "--Dividends"). For purposes of determining the number of Depositary Shares outstanding on any dividend payment date, Depositary Shares acquired by the Company on or prior to such dividend payment date and not theretofore delivered to the Depositary for cancellation shall be deemed to be outstanding. Notice of any such optional redemption will be mailed to holders of Depositary Shares within 30 days after such dividend payment date, and such notice shall specify a date for redemption not less than 30 days nor more than 60 days after the date of such mailing.

The Company will not have the right to redeem the Depositary Shares pursuant to the foregoing mandatory or optional redemption provisions unless full cumulative dividends for all past dividend periods shall have been paid or declared and set aside for payment upon all Depositary Shares and all outstanding shares of other series of stock of the Company ranking, as to dividends, on a parity with the Depositary Shares.

If the Company shall have failed to redeem all outstanding shares of Gold-Denominated Preferred Stock on February 1, 2006 then, until it shall have redeemed all outstanding Gold-Denominated Preferred Stock, the Company may not (i) declare, pay or set apart any amounts for dividends on, or make any other distribution in cash or other property in respect of, any Junior Stock (as defined in the accompanying Prospectus) other than a dividend payable solely in Junior Stock, (ii) purchase, redeem or otherwise acquire for value any shares of Junior Stock, directly or indirectly, other than as a result of a reclassification, exchange or conversion of one Junior Stock for or into another Junior Stock, or other than through the use of proceeds of a substantially contemporaneous sale of other Junior Stock, (iii) make any payment on account of, or set aside money for, a sinking or other like fund for the purchase, redemption or other acquisition for value of any shares of Junior Stock or (iv) purchase, redeem or otherwise acquire for value any shares of Preferred Stock or any other class of stock ranking on a parity with the Gold-Denominated Preferred Stock as to dividends or distribution of assets upon liquidation, dissolution or winding up ("Parity Stock"). If the funds available for such mandatory redemption are insufficient to redeem all outstanding shares of Gold-Denominated Preferred Stock and any other series of Parity Stock which the Company is then obligated to redeem or purchase, the total available funds shall be divided among the Gold-Denominated Preferred Stock and such other series in proportion to the aggregate amount of redemption or other purchase obligations with respect to such Gold-Denominated Preferred Stock and such other series.

If, at the time of the mandatory redemption or a Reserve Coverage Offer, the funds of the Company legally available for redemption or repurchase of the Depositary Shares are insufficient to redeem or repurchase such Depositary Shares, those funds legally available shall be used to redeem or repurchase the maximum possible number of Depositary Shares, pro rata based upon the number of Depositary Shares to be redeemed or delivered for purchase, as the case may be. At any time thereafter when additional funds of the Company become legally available for such purpose, such funds shall immediately be used to redeem or purchase, as the case may be, any additional Depositary Shares which the Company is obligated to redeem or purchase, as the case may be, but which it has not so redeemed or purchased.

Reserve Coverage Offer

Within 90 days following each Calculation Date (as defined below), the Company shall be required to prepare a certificate setting forth its determination of the Reserve Amount (as defined below) as of such Calculation

Date. If the Reserve Amount, as shown on the certificate prepared by the Company (a "Company Certificate") with respect to any Calculation Date, is less than the Aggregate Reserve Requirement (as defined below) as of such Calculation Date, the Company will be required to make an offer to purchase, out of funds legally available therefor, at a price equal to the liquidation preference thereof as of the Purchase Date (as defined below), a sufficient number of Depositary Shares and of other Gold Parity Stock (as defined below) (or the depositary shares, if any, issued with respect thereto) so that, if all such shares had been repurchased on the relevant Calculation Date, the Reserve Amount on that date would have been greater than or equal to the Aggregate Reserve Requirement on such date. If the Company Certificate prepared with respect to any Calculation Date shows that the Reserve Amount is less than the Aggregate Reserve Requirement on such date, the Company shall include in such Company Certificate its calculation of the number of Depositary Shares and the number of shares of other Gold Parity Stock (or related depositary shares) it intends to offer to purchase to satisfy the foregoing requirements (such number with respect to any series being referred to as the "Offer Amount" with respect to such series). The Company, in its sole discretion, may determine the number of shares of each series of Gold Parity Stock (or related depositary shares) including the Depositary Shares to which an offer (a "Reserve Coverage Offer") will be made so long as such requirements are satisfied.

At December 31, 1992, the Reserve Amount would have been approximately 28 times the aggregate liquidation preference applicable to 3,750,000 Depositary Shares and the Existing Gold-Denominated Preferred Stock.

If required to make a Reserve Coverage Offer, the Company will commence such offer not more than 60 days after the date of the Company Certificate prepared with respect to the applicable Calculation Date, such offer to be completed on a date (the "Purchase Date") not less than 30 nor more than 60 days after the date of commencement of such offer. If the offer includes any Depositary Shares, the Company will mail to all holders of record of the Depositary Shares a notice stating the terms of such Reserve Coverage Offer. On the Purchase Date, the Company will accept for payment the number of shares tendered pursuant to the Reserve Coverage Offer to the holders of any series equal to the Offer Amount with respect to such series or such lesser number of shares of such series as shall have been tendered. If the aggregate number of shares tendered with respect to such series exceeds the applicable Offer Amount with respect to such series, the Company shall select the shares of such series to be purchased on a pro rata basis as nearly as may be practicable. The Company shall, as promptly as reasonably practicable after the Purchase Date, cause payment to be mailed or delivered to each tendering holder in the amount of the purchase price, and any unpurchased shares to be returned to the holder thereof.

The Company will not consummate or permit any subsidiary to consummate any transaction which would cause the Reserve Amount to fall below the Aggregate Reserve Requirement immediately after consummation of such transaction unless the Company has sufficient legally available funds immediately following consummation of such transaction to complete any Reserve Coverage Offer required as a result thereof.

If funds available for any Reserve Coverage Offer are insufficient to purchase a number of Depositary Shares equal to the Offer Amount (or such lesser number of Depositary Shares as are tendered in response to such offer) and any other series of Parity Stock which the Company is then obligated to redeem or purchase, the total available funds shall be divided among the Depositary Shares and such other series in proportion to the aggregate amount of redemption and other purchase obligations with respect to the Depositary Shares and such other series.

"Calculation Date" means (i) December 31 of each year and (ii) the date of consummation of each transaction undertaken by the Company or any subsidiary of the Company which would either (a) cause the Reserve Amount, as estimated by the Company, to decrease by 50% or more from the next preceding Calculation Date or (b) cause the Reserve Amount, as estimated by the Company, to fall below the Aggregate Reserve Requirement on such date.

"Gold Parity Stock" means the Gold-Denominated Preferred Stock and any other series of Parity Stock the liquidation preference of which is expressed in gold or the Dollar Equivalent Value thereof.

The "Aggregate Reserve Requirement" as of any Calculation Date means the sum of the individual Reserve Coverage Requirements with respect to each series of Gold Parity Stock, including the Gold-Denominated Preferred Stock.

The "Reserve Coverage Requirement" with respect to any series of Gold Parity Stock shall mean the product of (x) the aggregate liquidation preference of all outstanding shares of such series (expressed in ounces of gold) times (y) the Required Coverage Multiplier (as defined below) applicable to such series. With respect to the Gold-Denominated Preferred Stock and the Existing Gold-Denominated Preferred Stock, and any other series of Gold Parity Stock with respect to which depositary shares have been issued, the liquidation preference of such series shall be determined on the basis of the number of such depositary shares as are issued and outstanding as of the applicable Calculation Date (excluding any depositary shares which have been acquired by the Company or any affiliate thereof on or prior to the date of the preparation of the Company Certificate with respect to such Calculation Date).

The "Required Coverage Multiplier" means (i) 5.0 with respect to the Gold-Denominated Preferred Stock, (ii) 5.0 with respect to the Existing Gold-Denominated Preferred Stock, (iii) with respect to any other series of Gold Parity Stock having the benefit of a provision requiring an offer similar to the Reserve Coverage Offer, the multiplier applicable thereto under the terms of such other series, and (iv) 1.0 with respect to any other series of Gold Parity Stock.

The "Reserve Amount" as of any Calculation Date means the Company's Proportionate Interest in the estimated proved and probable gold reserves of the Company and of any entity in which the Company has a direct or indirect beneficial ownership interest. The estimated proved and probable gold reserves shall be determined based upon evaluation methods generally applied by the mining industry. The Company's "Proportionate Interest" in any estimated proved and probable gold reserves shall be the Company's direct or indirect beneficial ownership interest in such reserves, giving effect to reductions required to reflect any beneficial ownership interest of any person other than the Company in such reserves.

Dollar Equivalent Value and Reference Gold Price

"Dollar Equivalent Value" means the Reference Gold Price multiplied by the applicable number of ounces of gold.

"Reference Gold Price" means when used to calculate the amount of any dividend payable on any quarterly dividend payment date, the arithmetic average of the London P.M. gold fixing price (or A.M. gold fixing price if there is no P.M. gold fixing price on the applicable trading day) for an ounce of gold in the London bullion market on each of the five trading days ending on the second trading day prior to the last day of the calendar quarter immediately preceding such quarterly date, as published in the Wall Street Journal (or, if such prices are not published in the Wall Street Journal, as published in the Financial Times). When used to calculate any other amount payable with respect to the Depositary Shares or to purchase any Depositary Shares on any date, the "Reference Gold Price" means the arithmetic average of the London P.M. gold fixing price (or A.M. gold fixing price if there is no P.M. gold fixing price on the applicable trading day) for an ounce of gold in the London bullion market, as published in the Wall Street Journal (or, if such prices are not published in the Wall Street Journal, as published in the Financial Times) on each of the twenty trading days ending on the second trading day prior to (i) in the case of the mandatory redemption of the Depositary Shares, February 1, 2006, (ii) in the case of any Reserve Coverage Offer, the date of commencement thereof, (iii) in the case of any optional redemption of the Depositary Shares, the date fixed for such redemption and (iv) in the case of a liquidation event, the date 30 days prior to the date fixed for the liquidating distribution. If for any reason gold is not traded during any relevant period in the London bullion market or is not quoted in U.S. dollars in such market, gold will be valued during such period or portion thereof, as the case may be, on the basis of trading prices, quoted in U.S. dollars, in the then principal international trading market for gold as determined by the Company's Board of Directors.

DESCRIPTION OF DEPOSITARY SHARES

Each Depositary Share represents 0.05 shares of Gold-Denominated Preferred Stock deposited under the Deposit Agreement, dated as of January __, 1994 (the "Deposit Agreement"), among the Company, Mellon Securities Trust Company, as Depositary (the "Depositary"), and all holders from time to time of depositary receipts issued thereunder (the "Depositary Receipts"). Subject to the terms of the Deposit Agreement, each owner of a Depositary Share is entitled, proportionately, to all the rights, preferences and privileges of the Gold-Denominated Preferred Stock represented thereby (including dividend, voting, redemption, and liquidation rights), and subject to all of the limitations of the Gold-Denominated Preferred Stock represented thereby, contained in the Company's Certificate of Incorporation and the Certificate of Designations for the Gold-Denominated Preferred Stock and summarized under "Description of Gold-Denominated Preferred Stock."

The Depositary Shares are evidenced by the Depositary Receipts. The following summary of the terms and provisions of the Depositary Shares does not purport to be complete and is subject to, and qualified in its entirety by, the Deposit Agreement (which contains the form of the Depositary Receipt), which is filed as an exhibit to the Registration Statement of which the accompanying Prospectus is a part. Copies of the Deposit Agreement are available for inspection at the New York Office (as defined in the Deposit Agreement) of the Depositary, located as of the date of this Prospectus Supplement at 120 Broadway, New York, New York.

The Depositary will act as transfer agent and registrar and paying agent with respect to the Depositary Shares.

Issuance of Depositary Receipts

Immediately following the issuance of the Gold-Denominated Preferred Stock by the Company, the Company will deposit the Gold-Denominated Preferred Stock with the Depositary, which will then issue and deliver the Depositary Receipts to the Company. The Company will, in turn, deliver the Depositary Receipts to the Underwriters. Depositary Receipts will be issued evidencing only whole Depositary Shares. A holder of Depositary Shares is not entitled to receive the shares of Gold-Denominated Preferred Stock underlying the Depositary Shares.

Redemption of Depositary Shares

As described under "Description of Gold-Denominated Preferred Stock," the Gold-Denominated Preferred Stock is subject to mandatory redemption, out of funds legally available therefor, on February 1, 2006, and is subject to redemption at the option of the Company only in limited circumstances. The Depositary Shares are subject to redemption upon the same terms and conditions (including as to notice to the owners of Depositary Shares) and subject to the same limitations as the Gold-Denominated Preferred Stock held by the Depositary, except that the consideration received upon redemption of each Depositary Share will be equal to one-twentieth of the consideration received upon redemption of each share of Gold-Denominated Preferred Stock. The amount distributed will be reduced by any amounts required to be withheld by the Company or the Depositary with respect to tax liability.

Dividends and Other Distributions

The Depositary will distribute all cash dividends or other cash distributions in respect of the Gold-Denominated Preferred Stock to the record holders of Depositary Receipts in proportion to the numbers of such Depositary Shares owned by such holders.

In the event of a distribution other than cash in respect of the Gold-Denominated Preferred Stock, the Depositary will distribute property received by it to the record holders of Depositary Receipts entitled thereto, unless the Depositary determines that it is not feasible to make such distributions, in which case the Depositary may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

The amount distributed in any of the foregoing cases will be reduced by any amount required to be withheld by the Company or the Depositary with respect to tax liability.

Record Date

Whenever (i) any cash dividends or other cash distributions shall become payable, any distribution other than cash shall be made, or any rights, preferences or privileges shall be offered with respect to the Gold-Denominated Preferred Stock, or (ii) the Depositary shall receive notice of any meeting at which holders of Gold-Denominated Preferred Stock are entitled to vote or of which holders of Gold-Denominated Preferred Stock are entitled to notice, the Depositary upon instruction by the Company shall in each such instance fix a record date (which shall be the same date as the record date for the Gold-Denominated Preferred Stock) for the determination of the holders of Depositary Receipts (x) who shall be entitled to receive such dividends, distributions, rights, preferences or privileges or the net proceeds of the sale thereof or (y) who shall be entitled to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting, subject to the provisions of the Deposit Agreement.

Voting of Gold-Denominated Preferred Stock

Upon receipt of notice of any meeting at which holders of Gold-Denominated Preferred Stock are entitled to vote, the Depositary will mail the information contained in such notice of meeting to the record holders of Depositary Receipts. Each record holder of Depositary Receipts on the record date (which will be the same date as the record date for the Gold-Denominated Preferred Stock) will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the number of shares of Gold-Denominated Preferred Stock represented by such holder's Depositary Shares. The Depositary will endeavor, insofar as practicable, to vote the number of shares of Gold-Denominated Preferred Stock represented by such Depositary Shares in accordance with such instructions, and the Company has agreed to take all reasonable action which may be deemed necessary by the Depositary in order to enable the Depositary to do so. To the extent the Depositary does not receive specific instructions from the holders of Depositary Shares relating to such Gold-Denominated Preferred Stock, it will not vote shares of Gold-Denominated Preferred Stock.

Amendment of Deposit Agreement

The form of Depositary Receipts and any provision of the Deposit Agreement may at any time be amended by agreement between the Company and the Depositary. However, any amendment which materially and adversely alters the rights of holders of Depositary Shares will not take effect unless such amendment has been approved by the record holders of at least a majority of the Depositary Shares then outstanding.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary is based on the advice of Miller & Chevalier, Chartered, tax counsel to the Company, and describes all material federal income tax consequences of acquiring and owning the Gold-Denominated Preferred Stock that relate to the stock itself rather than to the tax status or particular circumstances of the holder; thus, for example, the summary does not discuss the treatment of holders that are subject to special tax rules, such as banks, insurance companies, personal holding companies and tax-exempt entities. The summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, court decisions and Internal Revenue Service ("IRS") rulings now in effect, all of which are subject to change. The summary assumes that holders will hold their Gold-Denominated Preferred Stock as "capital assets." Since this summary is not intended as a substitute for careful tax planning and opinions of counsel are not binding on the courts, prospective purchasers are advised to consult their own tax advisors regarding the tax consequences of acquiring, holding or disposing of the Gold-Denominated Preferred Stock in light of their personal investment circumstances, and the consequences under state, local and foreign tax laws.

Dividends on Gold-Denominated Preferred Stock

Miller & Chevalier, Chartered has advised the Company that, in its opinion, under existing law, the Gold-Denominated Preferred Stock will be treated as stock of the Company for federal income tax purposes and

distributions with respect thereto will constitute dividends to the extent that the Company has either current or accumulated earnings and profits for federal income tax purposes. Dividends paid to corporations will generally be eligible for the corporate dividends received deduction under section 243 of the Code (the "dividends-received deduction"), subject to the limitations contained in sections 246 and 246A of the Code.

In general, under section 246(c), the dividends-received deduction is available only if the stock in respect of which the dividends are paid is held for at least 46 days (at least 91 days in the case of a dividend attributable to a period or periods aggregating more than 366 days). A taxpayer's holding period for these purposes is reduced by periods during which the taxpayer has diminished its risk of loss by holding one or more other positions in or with respect to substantially similar or related property. Prospective purchasers who hold or intend to hold other positions in gold or other property that is substantially similar to Gold-Denominated Preferred Stock should consult their tax advisors regarding these rules. Under section 246A, the dividends-received deduction will be reduced or eliminated if a corporation has indebtedness "directly attributable to its investment" in portfolio stock. Shares of Gold-Denominated Preferred Stock generally will be portfolio stock for purposes of these rules. Prospective corporate purchasers of Gold-Denominated Preferred Stock should consult their tax advisors to determine whether these limitations might apply to them.

If distributions with respect to the shares of Gold-Denominated Preferred Stock exceed the Company's current and accumulated earnings and profits, the excess would be treated as a return of capital to the extent of the holder's tax basis in the Gold-Denominated Preferred Stock. Any amount in excess of the amount of the dividend and the return of capital would be treated as capital gain.

Extraordinary Dividends

If a corporate holder of Gold-Denominated Preferred Stock receives an "extraordinary dividend" from the Company with respect to the stock, the basis of the Gold-Denominated Preferred Stock must be reduced (but not below zero) by the portion of the dividend which is not taxed because of the dividends-received deduction. In general, a dividend will be "extraordinary" if (1) the amount of such dividend, alone or when aggregated with all dividends which have ex-dividend dates within the same period of 365 consecutive days, exceeds a certain percentage of the stockholder's adjusted basis in the Gold-Denominated Preferred Stock (or, if the holder so elects and certain other conditions are met, the fair market value of the stock on the date before the ex-dividend date) and the stockholder has not held the stock for two years (determined under the principles of section 246(c) described above) as of the earliest of the date on which the Company declares, announces, or agrees to the payment of such dividend, or (2) it is received in a redemption of Gold-Denominated Preferred Stock that is treated, in whole or in part, as a dividend and that either is not pro rata as to all stockholders or is part of a partial liquidation within the meaning of section 302(e) of the Code. Additionally, it is possible that the Gold-Denominated Preferred Stock could be treated as "disqualified preferred stock" under section 1059(f) because the issue price of the stock is considered to exceed its liquidation "rights" or its "stated redemption price," in which case all dividends would be treated as extraordinary dividends. There are no regulations under section 1059(f), and it is unclear how the section would be applied to the Gold-Denominated Preferred Stock. If any part of the nontaxed portion of an extraordinary dividend does not reduce basis as a result of the limitation on reducing basis below zero, such part will be treated as gain upon sale or exchange of the Gold-Denominated Preferred Stock in the taxable year in which the sale or disposition of the Gold-Denominated Preferred Stock occurs.

Redemption Premium

Under current Treasury regulations under section 305(c) of the Code, if a corporation issues stock which may be redeemed after a specified period of time at a price that exceeds the issue price by an amount greater than a reasonable redemption premium, the entire amount of such excess will be considered to be a constructive distribution to the holders and a dividend to the extent of the corporation's current and accumulated earnings and profits which is constructively received by the holders ratably over the period of time during which the stock cannot be called for redemption. Additionally,

the Treasury is authorized to issue regulations under which a redemption premium that is greater than a specified de minimis amount on preferred stock that is subject to mandatory redemption will be treated as a distribution of additional stock to the holders on an economic accrual basis over the period that the stock is outstanding. The Treasury has not issued such regulations. It is unclear how either of these provisions would apply to the Gold-Denominated Preferred Stock since the amount to be paid upon redemption cannot be determined until the time of redemption. Based upon current law and in the absence of future developments, the Company has no current intention to report any such amount as a constructive distribution.

Redemption for Cash

The redemption of shares of Gold-Denominated Preferred Stock by the Company for cash at maturity or as a result of a Reserve Coverage Offer or an optional redemption will be a taxable event. The amount of cash received upon redemption, excluding any amounts representing accrued, declared, but unpaid dividends and any amounts treated as constructive distributions under section 305(c), would be treated as a distribution taxable as a dividend to redeeming stockholders to the extent of the Company's current or accumulated earnings and profits unless the redemption (a) resulted in a complete termination of the stockholder's interest in the Company (within the meaning of section 302(b)(3) of the Code), (b) was substantially disproportionate (within the meaning of section 302(b)(2)) with respect to the holder, or (c) was "not essentially equivalent to a dividend" (within the meaning of section 302(b)(1)) with respect to the holder. In determining whether any of these tests has been met, shares considered to be owned by the holder by reason of the constructive ownership rules described in section 318 of the Code, as well as shares actually owned, would be taken into account. If any of the foregoing tests were met, the redemption of shares of Gold-Denominated Preferred Stock for cash would result in taxable gain or loss based on the difference between the amount of cash received and the holder's tax basis in the redeemed shares, and the gain or loss would be capital gain or loss. Based on a published IRS ruling, the redemption of a stockholder's Gold-Denominated Preferred Stock for cash will be treated as "not essentially equivalent to a dividend" if, taking into account the constructive ownership rules, (1) the stockholder's relative stock interest in the Company is minimal, (2) the stockholder exercises no control over the Company's affairs and (3) the stockholder experiences a reduction in his proportionate interest in the Company.

Depository Shares

Owners of Depository Shares will be treated for Federal income tax purposes as if they were owners of the Gold-Denominated Preferred Stock represented by such Depository Shares and, accordingly, will be required to include in income for Federal income tax purposes any dividends or other income which they would have been required to include in income if they were holders of such Gold-Denominated Preferred Stock.

Backup Withholding

Under the backup withholding provisions of the Code and applicable Treasury regulations, a holder of shares of Gold-Denominated Preferred Stock may be subject to backup withholding at the rate of 31% with respect to dividends or the proceeds of a sale, exchange or redemption of shares of Gold-Denominated Preferred Stock unless (a) such holder is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the IRS.

Special Tax Rules Applicable to Foreign Holders

For purposes of the following discussion, a "United States Alien Holder" is any holder who, for U.S. federal income tax purposes, is a foreign corporation, a nonresident alien individual, an estate or trust the income of which is not subject to United States taxation regardless of source, or a

foreign partnership to the extent it has as a member any of the foregoing persons.

A United States Alien Holder generally will be taxed in the same manner as a U.S. corporation or resident with respect to dividends paid by the Company on Gold-Denominated Preferred Stock, if the dividend income is effectively connected with a U.S. trade or business. If such dividend income is not so effectively connected, then the dividends paid on the Gold-Denominated Preferred Stock (except in the circumstances described in the following paragraphs) will be subject to a U.S. federal withholding tax at a 30% (or, if applicable, lower treaty) rate upon the actual payment of the dividends. Effectively connected dividends received by a corporate United States Alien Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% (or, if applicable, lower treaty) rate.

If at least 80% of the Company's gross income for the relevant period is foreign source income attributable to non-U.S. active business operations, payment of dividends on the Gold-Denominated Preferred Stock will be subject to U.S. federal withholding tax only to the extent of that portion of the dividend which corresponds to the portion of the Company's total gross income for the relevant period that is derived from U.S. sources. The relevant period is the three-year period ending with the close of the taxable year of the Company preceding its taxable year in which the dividend is paid. For 1993, the Company has determined that only 1.25% of dividends paid to United States Alien Holders will be subject to U.S. federal withholding tax.

For purposes of this exception to the U.S. federal withholding tax, interest received by the Company from PT-FI and dividends received by the Company from PT-FI are characterized as active foreign business income in the same proportion as PT-FI's active foreign business income bears to its total gross income. Significantly more than 80% of PT-FI's income has been and is likely to continue to be active foreign business income and, consequently, significantly less than 20% of the dividend distributions from the Company to United States Alien Holders is likely to be subject to U.S. federal withholding tax. If, however, less than 80% of PT-FI's income were active foreign business income (or the Company earned sufficient income from sources other than active foreign business income so that less than 80% of its gross income were active foreign business income), then all of the Company's dividend distributions to United States Alien Holders would be subject to U.S. federal withholding tax.

A United States Alien Holder generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale or exchange of the Gold-Denominated Preferred Stock unless (i) the gain is derived from sources within the United States and the holder is an individual who was present in the United States for 183 days or more during the taxable year or (ii) the gain is effectively connected with a U.S. trade or business.

Generally, dividends paid to United States Alien Holders outside the United States that are subject to the 30% (or a reduced treaty) rate of withholding tax will be exempt from United States backup withholding tax and United States information reporting requirements (other than reporting of dividend payments for purposes of the withholding tax noted above). Generally, the payor of the dividends may rely on a payee's address outside the United States in determining that the withholding discussed above applies, and consequently, that the backup withholding provisions do not apply.

The payment of the proceeds of the sale of Gold-Denominated Preferred Stock to or through the United States office of a broker is subject to information reporting and possible backup withholding at a rate of 31% unless the owner certifies its non-United States status under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds of the sale of Gold-Denominated Preferred Stock to or through the foreign office of a broker generally will not be subject to this backup withholding tax. In the case of the payment of proceeds from the disposition of Gold-Denominated Preferred Stock through a foreign office of a broker that is a U.S. person or a "U.S. related person," existing regulations require information reporting on the payment unless the broker has documentary evidence in its files that the owner is a non-U.S. Person and the broker has no actual knowledge to the contrary. For this purpose, a "U.S. related person" is (i) a "controlled foreign corporation" for United States federal income tax purposes, or (ii) a foreign

person 50% or more of whose gross income from all sources for a specified period is derived from activities that are effectively connected with the conduct of a U.S. trade or business. While regulations currently in effect reserve on the question of whether reportable payments made through foreign offices of a broker that is a U.S. person or "U.S. related person" will be subject to backup withholding, proposed regulations state that backup withholding will not apply to such payments (absent actual knowledge that the payee is a U.S. person). Any amounts withheld under the backup withholding rules from a payment to a United States Alien Holder (as defined above) will be allowed as a refund or a credit against such United States Alien Holder's United States federal income tax, provided that the required information is furnished to the IRS.

LEGAL MATTERS

The validity of the Gold-Denominated Preferred Stock represented by the Depositary Shares will be passed upon for the Company by Davis Polk & Wardwell and for the U.S. Underwriters and the International Managers by Sullivan & Cromwell. The tax matters under "Certain Federal Income Tax Consequences" will be passed upon for the Company by Miller & Chevalier, Chartered, tax counsel to the Company. Certain matters arising under the commodities laws of the United States will be passed upon for the U.S. Underwriters and the International Managers by Cleary, Gottlieb, Steen & Hamilton.

UNDERWRITING

The underwriters of the U.S. Offering (the "U.S. Underwriters"), for whom Lehman Brothers Inc., Kidder, Peabody & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated and S.G. Warburg & Co. Inc. are acting as representatives (the "Representatives"), have severally agreed, subject to the terms and conditions of the U.S. Underwriting Agreement, to purchase from the Company the aggregate number of Depositary Shares set forth opposite their names below:

U.S. Underwriters -----	Number of Depositary Shares -----
Lehman Brothers Inc.....	
Kidder, Peabody & Co. Incorporated.....	
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
S.G. Warburg & Co. Inc.....	

Total.....	3,000,000 =====

The managers of the concurrent offering of Depositary Shares outside the United States (the "International Managers"), for whom Lehman Brothers International (Europe), Kidder, Peabody International Limited, Merrill Lynch International Limited and S.G. Warburg Securities Ltd. are acting as the lead managers (the "Lead Managers"), have severally agreed, subject to the terms and conditions of the International Underwriting Agreement, to purchase from the Company the aggregate number of Depositary Shares set forth opposite their names below:

International Managers -----	Number of Depositary Shares -----
Lehman Brothers International (Europe).....	
Kidder, Peabody International Limited.....	
Merrill Lynch International Limited.....	
S.G. Warburg Securities Ltd.....	

Total.....	750,000 =====

The U.S. Underwriting Agreement and the International Underwriting Agreement provide that the obligations of the U.S. Underwriters and the International Managers to purchase the Depositary Shares are subject to certain conditions, including that, if any of the Depositary Shares are purchased by the U.S. Underwriters pursuant to the U.S. Underwriting Agreement

or by the International Managers pursuant to the International Underwriting Agreement, all of the Depositary Shares must be so purchased. The offering price and underwriting discounts and commissions under the underwriting agreements are identical. The closing under the International Underwriting Agreement is a condition to the closing under the U.S. Underwriting Agreement, and the closing under the U.S. Underwriting Agreement is a condition to the closing under the International Underwriting Agreement.

The Company has granted to the U.S. Underwriters and the International Managers options to purchase up to an additional 440,000 Depositary Shares and 110,000 Depositary Shares, respectively, exercisable solely to cover over-allotments, at the same offering price as the initial offering price to the public, less the underwriting discount, shown on the cover page of this Prospectus Supplement. Either or both of such options may be exercised at any time until 30 days after the date of the U.S. Underwriting Agreement and the International Underwriting Agreement, respectively. To the extent that either option is exercised, each U.S. Underwriter or International Manager, as the case may be, will be committed, subject to certain conditions, to purchase the number of Depositary Shares proportionate to such U.S. Underwriter's or International Manager's initial commitment as indicated in the preceding tables.

The U.S. Underwriters and the International Managers have entered into an Agreement Between U.S. Underwriters and International Managers, pursuant to which each U.S. Underwriter has agreed that, as part of the distribution of the 3,000,000 Depositary Shares (plus any of the 440,000 Depositary Shares to cover over-allotments) offered in the U.S. Offering, (i) it is not purchasing any such Depositary Shares for the account of anyone other than a U.S. Person (as defined below) and (ii) it has not offered or sold, and will not offer, sell, resell or deliver, directly or indirectly, any of such shares or distribute any prospectus relating to the United States offering to anyone other than a U.S. Person. In addition, pursuant to such agreement each International Manager has agreed that, as part of the distribution of the 750,000 Depositary Shares (plus any of the 110,000 Depositary Shares to cover over-allotments) offered in the International Offering, (i) it is not purchasing any such Depositary Shares for the account of a U.S. Person and (ii) it has not offered or sold, and will not offer, sell, resell or deliver, directly or indirectly, any of such Depositary Shares or distribute any prospectus relating to the international offering to any U.S. Person. The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the U.S. Underwriting Agreement or the International Underwriting Agreement and the Agreement Between U.S. Underwriters and International Managers, including (i) certain purchases and sales between the U.S. Underwriters and the International Managers, (ii) certain offers, sales, resales, deliveries or distributions to or through investment advisors or other persons exercising investment discretion, (iii) purchases, offers or sales by a U.S. Underwriter who is also acting as an International Manager or by an International Manager who is also acting as a U.S. Underwriter and (iv) other transactions specifically approved by the Representatives and the Lead Managers.

As used herein, (a) the term "United States" means the United States of America (including the states thereof and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction and (b) the term "U.S. Person" means any resident or national of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States or any estate or trust, the income of which is subject to United States federal income taxation regardless of its source (other than a foreign branch of any U.S. Person), and includes a United States branch of a person other than a U.S. Person.

Pursuant to the Agreement Between U.S. Underwriters and International Managers, sales may be made among the U.S. Underwriters and the International Managers of such number of Depositary Shares as may be mutually agreed upon. The price of any Depositary Shares sold shall be the public offering price as then in effect for Depositary Shares being sold by the U.S. Underwriters and the International Managers, less the selling concession allocable to such Depositary Shares. To the extent that there are sales between the U.S. Underwriters and the International Managers pursuant to the Agreement Between U.S. Underwriters and International Managers, the number of Depositary Shares initially available for sale by the U.S. Underwriters or by the International Managers may be more or less than the amount appearing on the cover page of

this Prospectus Supplement.

Each International Manager has stated and agreed that (i) it is not carrying on investment business in the United Kingdom in contravention of Section 3 of the Financial Services Act of 1986; (ii) it has not offered or sold and, for so long as Part III of the Companies Act, 1985 remains in force, it will not offer or sell in the United Kingdom by means of any document, any Depositary Shares other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent (except under circumstances which do not constitute an offer to the public within the meaning of the Companies Act, 1985); and (iii) it has not issued or caused to be issued and it will not issue or cause to be issued in the United Kingdom any investment advertisement (within the meaning of the Financial Services Act 1986) relating to the Depositary Shares or (subject to and upon Part V of the Financial Services Act 1986 coming into operation) any advertisement offering the Depositary Shares, which advertisement is a primary or secondary offer within the meaning of the Financial Services Act 1986, except, in any such case, in compliance with provisions applicable under the Financial Services Act 1986 and, in particular, it has not given and will not give copies of this document to any person in the United Kingdom who does not fall within Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988.

The Company has agreed that until 90 days after the date of the U.S. Underwriting Agreement, without the prior written consent of the U.S. Underwriters, it will not offer, sell, contract to sell or otherwise dispose of any securities of the Company which are, or which are convertible into or exchangeable or exercisable for securities which are, substantially similar to the Depositary Shares offered hereby or the underlying Gold-Denominated Preferred Stock other than the Depositary Shares offered hereby and the underlying Gold-Denominated Preferred Stock offered hereby.

Purchasers of the Depositary Shares offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Company has agreed to indemnify the U.S. Underwriters and the International Managers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the U.S. Underwriters or the International Managers may be required to make in respect thereof.

The U.S. Underwriters have from time to time provided investment banking services to the Company for which they have received customary fees.

EXPERTS

The Company's reserves as of December 31 for the years 1988 through 1992 included herein and incorporated by reference in the accompanying Prospectus have been verified by Independent Mining Consultants, Inc., and such reserve information has been included herein and incorporated by reference in the accompanying Prospectus in reliance upon the authority of such firm as experts in mining, geology and ore reserve determination.

APPENDIX

GRAPHIC MATERIAL OMITTED

Set forth at page S-4 herein are two graphs. The graph on the left side of the page shows the Company's annual gold reserves from 1988 to 1992 with millions of payable ounces from zero to forty on the vertical axis and the years 1988, 1989, 1990, 1991 and 1992 on the horizontal axis. The graph indicates that the Company's gold reserves, in millions of payable ounces, were 5.8 in 1988, 8.1 in 1989, 19.5 in 1990, 32.4 in 1991 and 32.1 in 1992. The graph on the right side of the page shows the Company's annual gold production from 1988 to 1992 with thousands of payable ounces on the vertical margin and the years 1988, 1989, 1990, 1991 and 1992 on the horizontal axis. The graph indicates that the Company's annual gold production, in thousands of payable ounces, was 113 in 1988, 139 in 1989, 284 in 1990, 421 in 1991 and 641 in 1992. Set forth below is

an ASCII approximation of these graphs.

GOLD RESERVES (1) (2)

	1988	1989	1990	1991	1992	1993
Millions of Payable Ounces				32.4	32.1	32.1
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
			19.5	XXXX	XXXX	XXXX
			XXXX	XXXX	XXXX	XXXX
			XXXX	XXXX	XXXX	XXXX
		8.1	XXXX	XXXX	XXXX	XXXX
	5.8	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

ANNUAL GOLD PRODUCTION (1)

	1988	1989	1990	1991	1992	1993
Thousands of Payable Ounces				421	641	641
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
				XXXX	XXXX	XXXX
			284	XXXX	XXXX	XXXX
			XXXX	XXXX	XXXX	XXXX
			XXXX	XXXX	XXXX	XXXX
			XXXX	XXXX	XXXX	XXXX
		139	XXXX	XXXX	XXXX	XXXX
	113	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

(1) Reflects 100% of PT-FI's estimated proved and probable gold reserves and production and has not been adjusted for the minority ownership in PT-FI.

(2) PT-FI's estimated proved and probable reserves at the end of each of the years shown, as verified by Independent Mining Consultants, Inc.

PROSPECTUS

\$400,000,000
Freeport-McMoRan Copper & Gold Inc.
Debt Securities
Preferred Stock
and Warrants

Freeport-McMoRan Copper & Gold Inc. (the "Company" or "FCX") may offer and issue from time to time in one or more series (i) debt securities ("Debt Securities"), (ii) shares of the Company's Preferred Stock, par value \$0.10 ("Preferred Stock") or (iii) Warrants ("Warrants") to purchase Debt Securities, Preferred Stock or the Company's Special Stock, which includes Class A Common Stock ("Special Stock"). The Debt Securities, Preferred Stock and Warrants are herein collectively referred to as the "Securities". The Company will offer Securities to the public on terms determined by market conditions. Securities may be issuable in registered form (in the case of Debt Securities, without coupons) or in bearer form (in the case of Debt Securities, with or without coupons). Any Securities may be offered with other Securities or separately. Securities may be sold for U.S. dollars, foreign currency or currency units; amounts payable with respect to any Securities may likewise be payable in U.S. dollars, foreign currency or currency units--in each case, as the Company specifically designates. The amounts payable by the Company in respect of Securities may be calculated by reference to the value, rate or price of one or more specified commodities, currencies or indices as set forth in an accompanying Prospectus Supplement.

Any accompanying Prospectus Supplement relating to Debt Securities will set forth the ranking as senior or subordinated Debt Securities, the specific designation, aggregate principal amount, purchase price, maturity, interest rate (or manner of calculation thereof) and time of payment of interest (if any), and the terms (if any) for the redemption, conversion or exchange thereof, listing (if any) on a securities exchange and any other specific terms of the Debt Securities. Any accompanying Prospectus Supplement relating to Preferred Stock will set forth the specific designation, number of shares, purchase price and the rights, preferences and privileges thereof and any qualifications or restrictions thereon (including dividends, liquidation value, voting rights, terms of conversion or exchange (if any), terms for mandatory or optional redemption (if any) and any other specific terms of the Preferred Stock) and listing (if any) on a securities exchange and whether the Company has elected to offer the Preferred Stock in the form of depositary shares. Any accompanying Prospectus Supplement relating to Warrants will set forth the specific designation, the number, purchase price and terms thereof, any listing of the Warrants or the underlying securities on a securities exchange and any other terms in connection with the offering, sale and exercise of the Warrants, as well as the terms of the securities that can be purchased with such Warrants.

Securities may be offered through dealers, underwriters or agents designated from time to time, as set forth in the accompanying Prospectus Supplement. Net proceeds to the Company will be the purchase price in the case of a dealer, the public offering price less discount in the case of an underwriter or the purchase price less commission in the case of an agent -- in each case, less other expenses attributable to issuance and distribution. The Company may also sell Securities directly to investors on its own behalf. In the case of sales made directly by the Company, no commission will be payable. See "Plan of Distribution" for possible indemnification arrangements for dealers, underwriters and agents.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

July 21, 1993

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any underwriter, dealer or agent. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date hereof. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Securities by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Company with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 or at its Regional Offices located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 13th Floor, 7 World Trade Center, New York, New York 10048, and copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Certain of the Company's securities are listed on the New York Stock Exchange (the "NYSE") and on The Australian Stock Exchange. Reports, proxy statements and other information concerning the Company can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Prospectus constitutes a part of a Registration Statement on Form S-3 (the "Registration Statement") filed by the Company with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus omits certain of the information contained in the Registration Statement in accordance with the rules and regulations of the Commission. Reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Company and the Securities. Statements contained herein concerning the provisions of any document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

IN CONNECTION WITH THE OFFERING OF CERTAIN SECURITIES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH OFFERED SECURITIES OR OTHER SECURITIES OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

INCORPORATION OF DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 31, 1992 (as amended June 25, 1993), Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 and Current Reports on Form 8-K dated April 13, 1993 (as amended May 21, 1993), June 15, 1993 and June 30, 1993 have been filed with the Commission and are incorporated herein by reference.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of the above documents (excluding exhibits unless specifically incorporated by reference into the documents that this Prospectus incorporates) may be obtained upon request without charge from the Company, 1615 Poydras Street, New Orleans, Louisiana 70112 (telephone (504) 582-4000), attention: Michael C. Kilanowski, Jr., Secretary.

THE COMPANY

Freeport-McMoRan Copper & Gold Inc., a Delaware corporation formed in 1987 (the "Company" or "FCX"), is an approximately 72% owned subsidiary of Freeport-McMoRan Inc. ("FTX"). FCX owns 80% of the outstanding common stock of its operating subsidiary, P.T. Freeport Indonesia Company ("PT-FI"), a limited liability company organized under the laws of the Republic of Indonesia and domesticated in Delaware. Of the remaining 20%, 10% is owned by the government of the Republic of Indonesia (the "Government"), and 10% is owned by an Indonesian corporation in which FCX owns a 49% interest. PT-FI engages in the exploration for and development, mining, and processing of copper, gold and silver in Indonesia and in the marketing of concentrates containing such metals worldwide. On March 30, 1993, FCX acquired a controlling interest in the capital stock of Rio Tinto Minera, S.A., a company primarily engaged in the smelting of copper concentrates in Spain. On July 8, 1993, the Company issued 14,000,000 Depositary Shares, each representing 0.05 shares of the Company's Step-Up Convertible Preferred Stock (the "Step-Up Convertible Preferred Stock") for net proceeds totalling \$341,250,000. See "Description of Preferred Stock--Step-Up Convertible Preferred Stock." The Company's principal executive office is located at First Interstate Bank Building, One East First Street, Suite 1600, Reno, Nevada 89501 and its telephone number is (702) 688-3000.

Contract of Work

From 1967 until the end of 1991, PT-FI's predecessor, Freeport Indonesia Incorporated, a Delaware corporation ("FII"), operated as the sole contractor for the production and marketing of certain minerals from a 24,700 acre area (the "1967 Mining Area") under a contract of work with the Government (the "1967 COW").

On December 30, 1991, FII was merged into PT-FI and PT-FI and the Government signed a new contract of work (the "New COW"), which superseded the 1967 COW. The New COW covers both the 1967 Mining Area and an additional 6.5 million adjacent acre exploration area (the "New COW Area"). The New COW has a 30-year term, with provisions for two 10-year extensions under certain conditions.

The New COW contains a provision under which PT-FI must progressively relinquish its rights to the nonprospective parts of the New COW Area in amounts equal to 25% of the 6.5 million acres at the end of each of three specified periods, the first of which is set to expire two years after the signing of the New COW, and the last of which is set to expire five to seven years after the signing of the New COW, in each case unless further extended by the Ministry of Mines. The New COW also contains provisions for PT-FI to conduct or cause to be conducted a feasibility study relating to the construction of a copper smelting facility in Indonesia and for the eventual construction of such a facility by PT-FI, if such facility is deemed to be economically viable by PT-FI and the Government and if such facility is not constructed by others prior to construction by PT-FI. PT-FI is pursuing with another company the feasibility of constructing such a copper smelting facility, in which PT-FI would hold a minority interest and supply

approximately one-half of the smelter's currently anticipated copper concentrate requirements at market prices.

The New COW provides that after 2001 PT-FI may be required if requested by the Government to meet the then existing requirements of Indonesian law and subject to certain other specified conditions, to sell up to an additional 25% of its common stock on a fully-diluted basis through offerings on the Jakarta Stock Exchange or up to an additional 31% if sold otherwise to Indonesian nationals, with all such sales to be at market prices to be determined at the times of sale. However, the New COW further stipulates that PT-FI is entitled to the benefit of any changes in Indonesian law, regulation or policy subsequent to the signing of the New COW that impose less burdensome divestiture requirements. Indonesian regulations promulgated in 1992 require that 20% of the capital stock of corporations such as PT-FI ultimately be held by Indonesian investors. As a result of recent correspondence to PT-FI from the Investment Coordinating Board of Indonesia indicating the applicability of such regulations to PT-FI, PT-FI believes that it has fully satisfied current divestiture requirements.

USE OF PROCEEDS

Unless otherwise set forth in the applicable Prospectus Supplement, the net proceeds from the sale of the Securities will be used for general corporate purposes, including the repayment of existing indebtedness, capital expenditures and additions to working capital of the Company or its subsidiaries. The Company anticipates that it and its subsidiaries will raise additional funds from time to time through equity or debt financings, including borrowings under its revolving credit agreements, to finance their businesses.

SPECIAL CONSIDERATIONS

An investment in any of the Securities involves certain risks. Accordingly, prospective investors should consider carefully the following special considerations, in addition to the other information concerning the Company and its business contained in this Prospectus and any accompanying Prospectus Supplement, before purchasing any of the Securities registered hereby.

Prices of Minerals

Because PT-FI's revenues are derived almost entirely from the sale of concentrates containing copper, gold and silver, the Company's earnings are directly related to market prices for copper, gold and, to a lesser extent, silver. Prices for such minerals have historically fluctuated widely and are affected by numerous factors beyond the Company's control. A price protection program has been implemented for substantially all of PT-FI's expected 1993 copper and gold sales and 1994 copper sales.

Location and Industry Risks

The current mining area and most of the new 6.5 million acre exploration area are located in steeply mountainous country, which makes access to certain parts of these areas difficult. These areas are subject to considerable rainfall, which has in the past led to periodic floods and mud slides. The mining area is located in an area of known seismic activity, and some earth tremors have been experienced from time to time. None of these factors has caused personal injury to Company employees or significant property damage not covered by insurance or any significant interruptions to production, although no assurance can be given that delays, injury or damage will not occur in the future. The climate and remoteness of the area have required PT-FI to overcome special engineering difficulties. PT-FI is also subject to the usual risks encountered in the mining industry, including unexpected geological conditions resulting in cave-ins, flooding and rock-bursts and unexpected changes in rock stability conditions. FTX purchases, for the benefit of PT-FI, insurance involving such amounts and types of coverage as it believes are appropriate for PT-FI's exploration, development, mining and processing activities in Indonesia.

Political Factors

Maintaining a good relationship with the Government is of particular

importance to PT-FI because its operations are located solely in Indonesia. PT-FI operates in Indonesia by virtue of the New COW, which has a 30-year term and provides for two 10-year extensions under certain conditions. The 1967 Foreign Capital Investment Law, which expresses Indonesia's foreign investment policy, provides basic guarantees of remittance rights and protection against nationalization, a framework for incentives and some basic rules as to the other rights and obligations of foreign investors. PT-FI's rights and obligations relating to taxes, royalties, exchange controls, repatriation and other matters are governed by the New COW, which was concluded pursuant to the 1967 Foreign Capital Investment Law.

Indonesia has a presidential republic system of government. Elections for the Indonesian Parliament and the office of President are held every five years. President Suharto, who assumed power following an attempted communist coup, was reelected in March 1993 to serve a sixth consecutive five-year term.

Reserves

With respect to PT-FI's reserves, it should be noted that such quantities are estimates only. The mines from which PT-FI's reserves are presently being or are expected to be produced may not conform to geological or other expectations, with the result that the volume and grade of reserves recovered and the rates of production may be more or less than anticipated. Further, market price fluctuations in copper, gold and, to a lesser extent, silver, and changes in operating and capital costs may render certain ore reserves uneconomic to develop. No assurance can be given that PT-FI's exploration programs will result in the replacement of current reserves with new reserves.

Relationship of the Company and Freeport-McMoRan Inc.

FTX currently owns approximately 72% of the combined total outstanding shares of FCX's Class A Common Stock and Class B Common Stock, par value \$0.10 per share (the "Class B Common Stock"). Through this ownership, FTX has control over FCX, and through FCX, over PT-FI. FTX thus controls the composition of the Board of Directors of FCX and the Board of Commissioners of PT-FI, the dividend policies of both and also has sufficient voting control under Delaware law to effect major corporate actions at FCX such as "going private" transactions and mergers without the concurrence of other stockholders, subject to certain limitations. Among the various companies owned or controlled by FTX, it is intended that FCX and its subsidiaries will have priority with respect to the exploration, development and mining of copper and associated minerals in Indonesia. However, if any conflict of interest arises between FCX or one of its subsidiaries and FTX or another company owned or controlled by FTX relating to business opportunities in Indonesia FTX will resolve such dispute. In addition, FCX and PT-FI are parties, with FTX, to a Management Services Agreement, pursuant to which FTX provides a variety of services to FCX and PT-FI. Under the terms of this Agreement, FCX and PT-FI reimburse FTX on a monthly basis at FTX's cost for such services, including allocated overhead. In addition, FTX is a party to a credit agreement, pursuant to which, under certain circumstances, FTX might be required to pledge the stock of FCX owned by FTX and its affiliates to secure its outstanding borrowings under such credit agreement.

Environmental Matters

Although the management of FCX believes that it is in compliance with all relevant environmental laws, rules and regulations, and that there will be no significant adverse impact on the environment as a result of the planned expansion of its operations, environmental laws and regulations may be revised periodically. The impact, if any, of such possible revisions on FCX's current or future operations cannot be accurately predicted. The proposed expansion of PT-FI copper production to 90,000 MTPD is the subject of an environmental impact study now being prepared.

Holding Company Structure

The Company is a holding company which conducts its business through subsidiaries. As a result, the Company's cash flow and consequent ability to make dividend payments and meet its debt obligations are primarily dependent upon the earnings of its subsidiaries and on dividends and other payments therefrom. Because the Company is a holding company, the Securities would be effectively subordinated to all existing and future liabilities and Preferred

Stock, if any, of its subsidiaries. Any right of the Company to participate in any distribution of the assets of its subsidiaries upon the liquidation, reorganization or insolvency of such subsidiaries (and the consequent right of the holders of the Securities to participate in the distribution of those assets) would, with certain exceptions, be subject to the claims of the creditors (including trade creditors) and preferred stockholders, if any, of such subsidiaries.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges and minimum required distributions on stock of the Company for the periods indicated.

	Years Ended December 31,					Three Months Ended March 31,	
	1988	1989	1990	1991	1992	1992	1993
Ratio of earnings to fixed charges and minimum distributions (1) (unaudited).....	15.1x	9.5x	5.6x	3.3x	3.8x	2.4x	(2)

(1) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes, minority interest and fixed charges. Fixed charges consist of interest and that portion of rent which is deemed representative of interest. Minimum distributions consist of the minimum required distributions on the Company's Class A Common Stock (minimum distribution requirements in respect of Class A Common Stock ended May 1, 1993) and its Special Preference Stock.

(2) Earnings were inadequate to cover fixed charges and minimum distributions by \$3.5 million. However, \$12.4 million in minimum distributions were attributable to the Company's Class A Common Stock requirements which ended May 1, 1993; therefore, such minimum distributions will not be required on an ongoing basis. Excluding these minimum distribution requirements would result in a ratio of earnings to fixed charges and minimum distributions of 1.5x for the three months ended March 31, 1993.

RELATIONSHIP OF THE COMPANY GROUP WITH THE FTX GROUP

Ownership of Stock

As of March 31, 1993, FTX, through its ownership of all of the Company's Class B Common Stock and 761,800 shares of Class A Common Stock, owned approximately 72% of the total outstanding shares of the Company's Class A Common Stock and Class B Common Stock. Through this direct ownership, FTX has the ultimate ability to control the Company and its subsidiaries. In addition to such other obligations as it may assume, FTX, as a controlling stockholder of the Company, has a fiduciary obligation under Delaware law to act in good faith and to exercise its rights of control in a manner that is fair and reasonable to the other stockholders. As used in this Prospectus, the "Company Group" means the Company and its subsidiaries and the "FTX Group" means FTX and its subsidiaries other than those within the Company Group.

Although PT-FI has in the past relied on FTX to provide many management, administrative and technical services and will continue, under the Management Services Agreement discussed below, to make use of these services, it has always functioned as a separate operating unit of the FTX Group and will continue to do so.

Under the terms of a credit agreement, dated as of June 1, 1993, as amended (the "PT-FI Credit Agreement"), between PT-FI and a syndicate of banks, FTX must own directly or indirectly 50.1% of the Company's common stock and the Company must own directly or indirectly 50.1% of the PT-FI common stock. FTX also must maintain directly or indirectly at least 40% ownership

interest in PT-FI and such voting power as provides effective control of the policy and direction of PT-FI and the Company. Similarly, for the Company to retain the benefits of insurance provided by the Overseas Private Investment Corporation, it is necessary for at least a majority of the Company's capital stock and of each class thereof to be held beneficially by U.S. persons.

Conflicts of Interests

FTX is involved in the exploration for and extraction of natural resources. To avoid conflicts between the interests of the various FTX entities with respect to any future opportunities which may arise, it is anticipated that the Company Group will have a priority with respect to the exploration, development and mining of copper and associated minerals in Indonesia. It is further anticipated that the Company will determine which entity within the Company Group will exercise any such priority. If the Company Group determines for any reason not to pursue any opportunity within its area of priority, then FTX will be free to offer it to another FTX entity as it sees fit. It may be determined that it would be impractical for the Company Group to act with respect to a particular exploration or development opportunity outside the 1967 Mining Area. For example, due to the size of the New COW Area, development of certain mineral prospects may be beyond the financial or other resources of the Company and might be undertaken with a member of the FTX Group alone or in conjunction with one or more third parties. In addition, acquisition of certain mineral prospects or mining companies may be beyond the financial or other resources of Company and might be undertaken by a member of the FTX Group. Such development or acquisitions could lead to competition between the Company Group and members of the FTX Group.

Management Services Agreement

Pursuant to the terms of a Management Services Agreement (the "Management Agreement") among the Company, PT-FI (as successor to Freeport Indonesia, Incorporated) and FTX, dated as of May 1, 1988, FTX furnishes general executive, administrative, financial, accounting, legal, environmental, tax, research and development, marketing and certain other services to the Company and PT-FI. The nature and extent of the services provided under the Management Agreement are similar to those historically provided by FTX. The services of each of the executive officers of the Company and certain officers and employees of PT-FI are provided to the Company and PT-FI under the Management Agreement.

The Management Agreement is subject to termination by any party on any December 31 provided that not less than six months' written notice is given. The Company and PT-FI have agreed to reimburse FTX at FTX's cost, including allocated overhead, for such services. The Management Agreement also provides for the use of the services of certain of the Company's and PT-FI's employees by FTX and its subsidiaries on a similar cost reimbursement basis. The cost of such services is reimbursed monthly. The total amount charged by FTX to the Company and PT-FI, excluding any amounts paid with respect to employees seconded to PT-FI from FTX, was \$19.0 million, \$33.4 million and \$44.9 million for the years ended December 31, 1990, 1991 and 1992, respectively.

In February 1993, FTX outsourced its corporate engineering, research and development, environmental and safety functions and, to that end, contracted with a new company initially owned and staffed by former employees of FTX. The new company will furnish services similar to services provided by FTX in the past, and is anticipated to save FTX significant costs.

Debt Instruments

The FTX Group maintains a revolving credit agreement with a syndicate of banks, dated as of June 1, 1993, as amended and restated (the "FTX Credit Agreement"), to provide funds for FTX's general corporate purposes. The FTX Credit Agreement provides that, under certain circumstances relating to excess borrowings thereunder or events of default thereunder, FTX and such affiliates must pledge stock owned by them, including the Class B and any Class A Common Stock of FCX owned directly by FTX, to secure outstanding borrowings under such Agreement. As of the date of this Prospectus, no FCX stock was pledged under the FTX Credit Agreement.

DESCRIPTION OF DEBT SECURITIES

The Debt Securities will constitute either senior or subordinated debt of the Company and will be issued, in the case of senior debt, under a Senior Indenture (the "Senior Debt Indenture"), as it may be amended or supplemented from time to time, between the Company and The Chase Manhattan Bank, N.A., as Trustee, and, in the case of subordinated debt, under a Subordinated Indenture (the "Subordinated Debt Indenture"), as it may be amended or supplemented from time to time, between the Company and Chemical Bank, as Trustee. The Senior Debt Indenture and the Subordinated Debt Indenture are sometimes hereinafter referred to individually as an "Indenture" and collectively as the "Indentures." The Chase Manhattan Bank, N.A. and Chemical Bank are hereinafter referred to individually as a "Trustee" and collectively as the "Trustees." The Indentures are filed as exhibits to the Registration Statement of which this Prospectus is a part. The following summaries of certain provisions of the Indentures and the Debt Securities do not purport to be complete and such summaries are subject to the detailed provisions of the applicable Indenture to which reference is hereby made for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the Debt Securities. Numerical references in parentheses below are to sections in the applicable Indenture. Wherever particular sections or defined terms of the applicable Indenture are referred to, such sections or defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference. The Indentures are substantially identical, except for provisions relating to subordination. See "Subordinated Debt."

General

Except as provided in the Prospectus Supplement, neither of the Indentures limits the amount of Debt Securities or other indebtedness that the Company or any of its subsidiaries may incur. The Debt Securities will be unsecured senior or subordinated obligations of the Company.

Most of the assets of the Company are owned by its subsidiaries. Therefore, the Company's rights and the rights of its creditors, including holders of Debt Securities, to participate in the assets of any subsidiary upon the liquidation or recapitalization of such subsidiary will be subject to the prior claims of the subsidiary's creditors, except to the extent that the Company may itself be a creditor with recognized claims against the subsidiary.

The Indentures provide that Debt Securities may be issued from time to time in one or more series.

Reference is made to the Prospectus Supplement for the following terms of and information relating to the Debt Securities of any series (to the extent such terms are applicable to such Debt Securities): (i) classification as senior or subordinated Debt Securities, the specific designation, aggregate principal amount and purchase price; (ii) whether such Debt Securities are convertible or exchangeable and, if so, the securities or rights into which such Debt Securities are convertible or exchangeable, the terms and conditions upon which such conversion or exchange will be effected including the initial conversion or exchange price or rate, the conversion or exchange period and any other related provisions; (iii) the currency or units based on or relating to currencies in which such Debt Securities are denominated and/or in which principal (and premium, if any) and/or interest, if any, will or may be payable; (iv) the date or dates of maturity; (v) any redemption, repayment or sinking fund provisions; (vi) any interest rate or rates and the dates on which any such interest will be payable (or the method by which such rates or dates will be determined); (vii) the method by which amounts payable in respect of principal, premium, if any, or interest, if any, on such Debt Securities may be calculated, and any commodities, currencies or indices, or value, rate or price, relevant to such calculation; (viii) the place or places where the principal of and premium, if any, and interest, if any, on such Debt Securities will be payable; (ix) whether such Debt Securities will be issuable in registered form, without coupons, or bearer form, with or without coupons ("Bearer Debt Securities"), or both and, if Bearer Debt Securities are issuable, any restrictions applicable to the exchange of one form for another and to the offer, sale and delivery of Bearer Debt Securities; (x) whether such Debt Securities are to be issued in whole or in part in the form of one or more temporary or permanent global Debt Securities and if so, the identity of the depository, if any, for such global Debt Securities; (xi) any

applicable United States federal income tax consequences, including whether and under what circumstances the Company will pay additional amounts on any such Debt Securities held by a person who is not a U.S. person (as defined in the Prospectus Supplement) in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Company will have the option to redeem such Debt Securities rather than pay such additional amounts; (xii) the terms and conditions upon which and the manner in which such Debt Securities may be defeased or discharged if different from the defeasance provisions described below; and (xiii) any other specific terms of such Debt Securities, including any additional events of default, remedies or covenants provided for with respect to such Debt Securities, and any terms which may be required by or advisable under applicable laws or regulations. (Senior and Subordinated Debt Indentures, Section 2.3).

Debt Securities may be presented for exchange and registered Debt Securities may be presented for transfer in the manner, at the places and subject to the restrictions set forth in the Debt Securities and the applicable Indenture. Such services will be provided without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the applicable Indenture. Bearer Debt Securities and the coupons, if any, appertaining thereto will be transferable by delivery. (Senior and Subordinated Debt Indentures, Section 2.8).

Debt Securities may bear interest at a fixed rate or a floating rate. Debt Securities bearing no interest or interest at a rate that at the time of issuance is below the prevailing market rate may be sold at a discount below their stated principal amount. Special United States federal income tax considerations applicable to any such discounted Debt Securities or to certain Debt Securities issued at par which are treated as having been issued at a discount for United States federal income tax purposes will be described in the relevant Prospectus Supplement.

Debt Securities may be issued from time to time with payment terms which are calculated by reference to the value, rate or price of one or more commodities, currencies or indices. Holders of such Debt Securities may receive a principal amount (including premium, if any) on any principal payment date, or a payment of interest on any interest payment date, that is greater than or less than the amount of principal (including premium, if any) or interest otherwise payable on such dates, depending upon the value, rate or price on the applicable dates of the applicable currency, commodity or index. Information as to the methods for determining the amount of principal, premium (if any) or interest payable on any date, the currencies, commodities or indices to which the amount payable on such date is linked and certain additional tax considerations will be set forth in the applicable Prospectus Supplement.

Unless otherwise set forth in the Prospectus Supplement, the Debt Securities do not contain any provisions which may afford holders of the Debt Securities protection in the event of a change in control of the Company or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control of the Company).

Global Securities

Registered Global Securities. The registered Debt Securities of a series may be issued in the form of one or more fully registered global Securities (a "Registered Global Security") that will be deposited with (and registered in the name of) a depository (a "Depository") identified in the Prospectus Supplement relating to such series or with a nominee of a Depository. In such case, one or more Registered Global Securities will be issued in an aggregate principal amount equal to the portion of the aggregate principal amount of outstanding registered Debt Securities of the series to be represented by such Registered Global Security or Securities. Unless and until it is exchanged in whole for Debt Securities in definitive registered form, a Registered Global Security may not be transferred except as a whole by the Depository for such Registered Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor of such Depository or a nominee of such successor.

The specific terms of the depository arrangement with respect to any portion of a series of Debt Securities to be represented by a Registered

Global Security will be described in the Prospectus Supplement relating to such series. The Company anticipates that the following provisions will apply to all depositary arrangements.

Ownership of beneficial interests in a Registered Global Security will be limited to persons that have accounts with the Depositary for such Registered Global Security ("participants") or persons that may hold interests through participants. Upon the issuance of a Registered Global Security, the Depositary for such Registered Global Security will credit, on its book-entry registration and transfer system, the participant's accounts with the respective principal amounts of the Debt Securities represented by such Registered Global Security beneficially owned by or through such participant. The accounts to be credited initially shall be designated by any dealers, underwriters or agents participating in the distribution of such Debt Securities or by the Company, if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in such Registered Global Security will be shown on, and the transfer of such ownership interest will be effected only through, records maintained by the Depositary for such Registered Global Security (with respect to interests of participants) or on the records of participants (with respect to interests of persons holding through participants). The laws of some states and countries other than the United States may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in Registered Global Securities.

So long as the Depositary for a Registered Global Security, or its nominee, is the registered owner of such Registered Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Registered Global Security for all purposes under the applicable Indenture. Except as set forth below, owners of beneficial interests in a Registered Global Security will not be entitled to have the Debt Securities represented by such Registered Global Security registered in their names, will not receive or be entitled to receive physical delivery of such Debt Securities in definitive form and will not be considered the owners or holders thereof under the applicable Indenture. Accordingly, each person owning a beneficial interest in a Registered Global Security must rely on the procedures of the Depositary for such Registered Global Security and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the applicable Indenture. The Company understands that under existing industry practices, if the Company requests any action of holders or if an owner of a beneficial interest in a Registered Global Security desires to give or take any action which a holder is entitled to give or take under the Indenture, the Depositary for such Registered Global Security generally either (i) authorizes the participants holding the relevant beneficial interests to give or take such action, and such participants would authorize beneficial owners owning through such participants to give or take such action or (ii) otherwise acts upon the instructions of beneficial owners holding through them.

Payments of principal, premium, if any, and interest, if any, on Debt Securities represented by a Registered Global Security registered in the name of a Depositary or its nominee will be made to such Depositary or its nominee, as the case may be, as the registered owner of such Registered Global Security. None of the Company, the applicable Trustee or any paying agent for such Debt Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interest in such Registered Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that the Depositary for any Debt Securities represented by a Registered Global Security, upon receipt of any payment of principal, premium or interest, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in such Registered Global Security as shown on the records of such Depositary. The Company also expects that payments by participants to owners of beneficial interest in such Registered Global Security held through such participants will be the responsibility of such participant and will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name".

If the Depositary for any Debt Securities represented by a Registered Global Security is at any time unwilling or unable to continue as Depositary and a successor Depositary is not appointed by the Company within 90 days, the Company will issue such Debt Securities in definitive form in exchange for such Registered Global Security. In addition, the Company may at any time and in its sole discretion determine not to have any of the Debt Securities of a series represented by one or more Registered Global Securities and, in such event, will issue Debt Securities of such series in definitive form in exchange for all of the Registered Global Security or Securities representing such Debt Securities. Any Debt Securities issued in definitive form in exchange for a Registered Global Security will be registered in such name or names as the Depositary shall instruct the applicable Trustee. It is expected that such instructions will be based upon directions received by the Depositary from participants with respect to ownership of beneficial interests in such Registered Global Security.

Bearer Global Securities. The Debt Securities of a series may also be issued in the form of one or more bearer global Debt Securities (a "Bearer Global Security") that will be deposited with a common depositary for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euro-clear System and Centrale de Livraison de Valeurs Mobilieres S.A., or with a nominee for such depositary identified in the Prospectus Supplement relating to such series. The specific terms and procedures, including the specific terms of the depositary arrangement, with respect to any portion of a series of Debt Securities to be represented by a Bearer Global Security will be described in the relevant Prospectus Supplement.

Senior Debt

The Debt Securities (and in the case of Bearer Debt Securities, any coupons appertaining thereto) issued under the Senior Debt Indenture will rank pari passu with all other unsecured and unsubordinated debt of the Company and senior to the Subordinated Debt Securities (as hereinafter defined).

Subordinated Debt

The Debt Securities (and in the case of Bearer Debt Securities, any coupons appertaining thereto) (the "Subordinated Debt Securities") issued under the Subordinated Debt Indenture will be subordinate and junior in right of payment, to the extent and in the manner set forth in the Subordinated Debt Indenture, to all "Senior Indebtedness" (as such terms are defined in the Subordinated Debt Indenture). The Subordinated Debt Indenture defines "Senior Indebtedness" as all Debt of the Company (other than the Subordinated Debt Securities, the Company's Zero Coupon Notes due 2011 and the Company's 7% Convertible Subordinated Debentures due 2007 issuable upon exchange of Special Preference Stock), including principal and interest (including, without limitation, any interest that would accrue but for the filing of a petition initiating any bankruptcy, insolvency, reorganization or similar proceeding) on such Debt, created, incurred or assumed on or after the date of the first issuance of any Subordinated Debt Securities, unless such Debt, by its terms or the terms of the instrument creating or evidencing it, is subordinate in right of payment to, or pari passu with, the Subordinated Debt Securities; provided that the term Senior Indebtedness shall not include (a) any Debt of the Company which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, was without recourse to the Company, (b) any Debt of the Company to an affiliate of the Issuer and any refinancing thereof, (c) Debt to any employee of the Company and (d) Trade Payables. The Subordinated Debt Indenture defines "Debt" as without duplication (i) all obligations of any person for borrowed money, (ii) all obligations of such person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such person in respect of letters of credit or other similar instruments (or reimbursement obligations with respect thereto), (iv) all obligations of such person to pay the deferred purchase price of property or services, except Trade Payables, (v) all obligations of such person as lessee under capital leases, (vi) all Debt of others secured by a lien on any asset of such person, whether or not such Debt is assumed by such person, (vii) all Debt of others guaranteed by such person and (viii) to the extent not otherwise included, obligations under currency agreements and interest rate agreements and defines "Trade Payables" as accounts payable or any other indebtedness or monetary obligations to trade creditors created or assumed by the Company or any subsidiary of the company

in the ordinary course of business in connection with the obtaining of materials or services. (Subordinated Debt Indenture, Section 1.1).

In the event (a) of any insolvency or bankruptcy proceedings, or any receivership, dissolution, winding-up, total or partial liquidation, reorganization or other similar proceedings in respect of the Company or a substantial part of its property, whether voluntary or involuntary, or (b) that (i) a default shall have occurred with respect to the payment of principal of (and premium, if any) or any interest on or other monetary amounts due and payable on any Senior Indebtedness or (ii) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, or interest or other monetary amounts due and payable) in respect of any Senior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holder or holders thereof to accelerate the maturity thereof and in the case of (i) and (ii) above, such default or event of default shall not have been cured or waived or shall not have ceased to exist, or (c) that the principal of and accrued interest on any Subordinated Debt Securities shall have been declared due and payable upon an Event of Default pursuant to the Subordinated Debt Indenture and such declaration shall not have been rescinded and annulled as provided therein, then the holders of all Senior Indebtedness shall first be entitled to receive payment of all amounts due or to become due thereon, or provision shall be made, in accordance with the relevant Senior Indebtedness, for such payment in money or money's worth, before the holders of any of the Subordinated Debt Securities or any coupons appertaining thereto are entitled to receive any payment on account of the principal of (and premium, if any) or any interest on the indebtedness evidenced by such Subordinated Debt Securities or any coupons appertaining thereto or any cash payments to repurchase such Subordinated Debt Securities or any coupons appertaining thereto at the option of the holders thereof or otherwise. (Subordinated Debt Indenture, Section 14.2). By reason of such subordination, in the event of insolvency, creditors of the Company (including holders of Subordinated Debt Securities) who are not holders of Senior Indebtedness may recover less, ratably, than holders of Senior Indebtedness.

If this Prospectus is being delivered in connection with a series of Subordinated Debt Securities, the accompanying Prospectus Supplement or the information incorporated herein by reference will set forth the approximate amount of Senior Indebtedness outstanding as of the end of the most recent fiscal quarter.

Convertibility and Exchangeability

The terms, if any, on which Debt Securities of any series may be exchanged for or converted (mandatorily or otherwise) into other Debt Securities or shares of Preferred Stock or Special Stock (including Class A Common Stock) or other securities or rights of the Company (including rights to receive payments in cash or securities based on the value, rate or price of one or more specified commodities, currencies or indices) will be set forth in the Prospectus Supplement relating thereto.

Certain Covenants of the Company

Each Indenture provides that the Company will not merge or consolidate with, or sell, lease or convey all or substantially all its assets to, any entity, unless the Company shall be the surviving entity, or the surviving or successor entity shall be a corporation or partnership organized under the laws of the United States or a State thereof or the District of Columbia and shall expressly assume all obligations of the Company under such Indenture and the Debt Securities issued thereunder, and immediately after such merger, consolidation, sale, lease or conveyance, the Company or such other entity shall not be in default in the performance of the covenants and conditions of such Indenture to be performed or observed by the Company. (Senior and Subordinated Debt Indentures, Section 9.1). Thereafter, except in the case of a lease, all such obligations of the Company with respect to the Debt Securities shall terminate. (Senior and Subordinated Debt Indentures, Section 9.3)

Events of Default

An Event of Default is defined under each Indenture with respect to Debt Securities of any series issued under such Indenture as being: (a) default for

30 days in payment of any interest on the Debt Securities of such series; (b) default in payment of any principal of or premium, if any, on the Debt Securities of such series, either at maturity, upon any redemption, by declaration or otherwise; provided that, if such default is a result of the voluntary redemption by the holders of such Debt Securities, the amount thereof shall be in excess of \$10,000,000 or the equivalent thereof in any other currency or composite currency; (c) default for 60 days after written notice in the observance or performance of any other covenant or agreement in the Debt Securities of such series or the Indenture other than a covenant or agreement included in the Indenture which is not applicable to the Debt Securities of such series; (d) certain events of bankruptcy, insolvency or reorganization; (e) failure to pay at maturity, or other default which results in the acceleration of any Debt in an amount in excess of \$50,000,000 or the equivalent thereof in any other currency or composite currency without such Debt having been discharged or such acceleration having been cured, waived, rescinded or annulled for a period of 30 days after written notice thereof ("Debt" being defined to mean obligations (other than non-recourse obligations or the Debt Securities of such series) of, or guaranteed or assumed by, the Company for borrowed money or evidenced by bonds, debentures, notes or other similar instruments); or (f) default for 45 days in the conversion of any Debt Securities of such series; provided, however, that, if any such failure or acceleration referred to in clause (e) or default referred to in the proviso to clause (b) above shall cease to exist or be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed likewise to have been thereupon cured. (Senior and Subordinated Debt Indentures, Section 5.1).

Each Indenture provides that (a) if an Event of Default due to the default in payment of principal of, premium, if any, or interest on, any series of Debt Securities issued under such Indenture or due to the default in the performance of any other covenant or agreement applicable to the Debt Securities of such series but not applicable to Debt Securities of any other series issued under such Indenture shall have occurred and be continuing, either the Trustee or the holders of not less than 25% in principal amount of the outstanding Debt Securities of such series may declare the principal (or such portion thereof as may be specified in the terms thereof) of all Debt Securities of such series and interest accrued thereof to be due and payable immediately; and (b) if an Event of Default due to a default in the performance of any covenants or agreements applicable to outstanding Debt Securities of more than one series issued under such Indenture or an Event of Default described in clause (e) above shall have occurred and be continuing, either the Trustee or the holders of not less than 25% in principal amount of the outstanding Debt Securities of all such affected series (treated as one class) may declare the principal (or such portion thereof as may be specified in the terms thereof) of all such Debt Securities and interest accrued thereon to be due and payable immediately. If an Event of Default due to certain events of bankruptcy, insolvency or reorganization shall occur, the principal (or such portion thereof as may be specified in the terms thereof) of and interest accrued on all Debt Securities then outstanding shall become due and payable immediately, without action by the Trustees or the holders of any such Debt Securities. (Senior and Subordinated Debt Indentures, Section 5.1). Upon certain conditions such declarations may be annulled and past defaults may be waived (except a continuing default in payment of principal of (or premium, if any) or interest on, or in respect of the conversion of, such Debt Securities) by the holders of a majority in principal amount of the outstanding Debt Securities of all such affected series (treated as one class) (Senior and Subordinated Debt Indentures, Sections 5.1 and 5.10).

Each Indenture provides that the Trustee, subject to the duty of the Trustee during a default to act with the required standard of care, has no obligation to exercise any right or power granted it under such Indenture at the request of holders of Debt Securities unless the Trustee is indemnified by such holders. (Senior and Subordinated Debt Indentures, Section 6.2). Subject to such provisions in each Indenture for the indemnification of the Trustee and certain other limitations, the holders of a majority in principal amount of the outstanding Debt Securities of all affected series issued under such Indenture (treated as one class) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to such series. (Senior and Subordinated Debt Indentures, Section 5.9).

Each Indenture provides that no holder of Debt Securities of any series

issued under such Indenture may institute any action against the Company under such Indenture (except actions for payment of overdue principal, premium (if any) or interest or to enforce conversion rights (if any)) unless (1) such holder previously shall have given to the Trustee written notice of default and continuance thereof, (2) the holders of not less than 25% in principal amount of the Debt Securities of all affected series issued under such Indenture (treated as one class) shall have made a written request upon the Trustee to institute such action and shall have offered the Trustee reasonable indemnity, (3) the Trustee shall not have instituted such action within 60 days of such request and (4) the Trustee shall not have received directions inconsistent with such written request by the holders of a majority in principal amount of the outstanding Debt Securities of all affected series issued under such Indenture (treated as one class). (Senior and Subordinated Debt Indentures, Sections 5.6 and 5.9).

Each Indenture contains a covenant that the Company will file annually with the Trustee a certificate of no default or a certificate specifying any default that exists. (Senior and Subordinated Debt Indentures, Section 3.5).

Defeasance

Each Indenture provides that the Company may defease and be discharged from any and all obligations (except as otherwise described in (a) below) with respect to the Debt Securities of any series which have not already been delivered to the Trustee for cancellation and which have either become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, as trust funds, money or, in the case of Debt Securities payable only in U.S. dollars, U.S. Government Obligations (as defined) which through the payment of principal and interest in accordance with their terms will provide money, in an amount certified to be sufficient to pay at maturity (or upon redemption) the principal of (and premium, if any) and interest on such Debt Securities. (Senior and Subordinated Debt Indentures, Section 10.1)

In addition, each Indenture provides that with respect to each series of Debt Securities issued under such Indenture, the Company may elect either (a) to defease and be discharged from any and all obligations with respect to the Debt Securities of such series (except for the obligations to register the transfer of or exchange or convert the Debt Securities of such series, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities of such series, to maintain an office or agency in respect of the Debt Securities of such series and to hold moneys for payment in trust) or (b) to be released from the restrictions described under "Merger or Consolidation" and, to the extent specified in connection with the issuance of such series of Debt Securities, other covenants applicable to such series of Debt Securities, upon the deposit with the Trustee (or other qualifying trustee), as trust funds, of money or, in the case of Debt Securities payable only in U.S. dollars, U.S. Government Obligations which through the payment of principal and interest in accordance with their terms will provide money, in an amount certified to be sufficient to pay at maturity (or upon redemption) the principal of (and premium, if any) and interest on the Debt Securities of such series. Such a trust may only be established if, among other things, the Company has delivered to the Trustee an opinion of counsel (as specified in the Indenture) to the effect that the holders of the Debt Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred. Such opinion, in the case of a defeasance under clause (a) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable Federal income tax law occurring after the date of such Indenture. (Senior and Subordinated Debt Indentures, Section 10.1)

In the event of any "legal" defeasance of any series of Subordinated Debt Securities issued thereunder, the Subordinated Debt Indenture provides that holders of all outstanding Senior Indebtedness will receive written notice of such defeasance.

The foregoing provisions relating to defeasance may be modified in connection with the issuance of any series of Debt Securities, and any such modification will be described in the accompanying Prospectus Supplement.

Modification of the Indenture

Each Indenture provides that the Company and the Trustee may enter into supplemental indentures without the consent of the holders of Debt Securities to: (a) secure such Debt Securities, (b) evidence the assumption by a successor entity of the obligations of the Company, (c) add covenants or Events of Default for the protection of the holders of any Debt Securities, (d) establish the form or terms of such Debt Securities of any series, (e) evidence the acceptance of appointment by a successor trustee or (f) cure any ambiguity or correct any inconsistency in the Indenture, amend the Indenture in any other manner which the Company may deem necessary or desirable, if such action will not adversely affect the interests of the holders of Debt Securities issued thereunder. (Senior and Subordinated Debt Indentures, Section 8.1).

Each Indenture also contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in principal amount of Debt Securities of all series issued under such Indenture then outstanding and affected (voting as a single class), to add any provisions to, or change in any manner or eliminate any of the provisions of, such Indenture or modify in any manner the rights of the holders of the Debt Securities of each such series; provided that the Company and the Trustee may not, without the consent of the holder of each outstanding Debt Security affected thereby, (a) extend the final maturity of any Debt Security, or reduce the principal amount thereof, or reduce or alter the method of computation of any amount payable in respect of interest thereon or extend the time for payment thereof, or reduce or alter the method of computation of any amount payable on redemption thereof or extend the time for payment thereof, or change the currency in which the principal thereof, premium, if any, or interest thereon is payable, or reduce the amount payable upon acceleration or alter certain provisions of the Indenture relating to the Debt Securities issued thereunder not denominated in U.S. dollars, or impair the right to institute suit for the enforcement of any conversion or any payment on any Debt Security when due or materially and adversely affect any conversion rights, (b) reduce the aforesaid percentage in principal amount of Debt Securities of any series issued under such Indenture, the consent of the holders of which is required for any such modification. (Senior and Subordinated Debt Indentures, Section 8.2).

The Subordinated Debt Indenture may not be amended to alter the subordination of any outstanding Subordinated Debt Securities without the consent of each holder of Senior Indebtedness then outstanding that would be adversely affected thereby.

Concerning the Trustees

The Chase Manhattan Bank, N.A. and Chemical Bank are two of a number of banks with which the Company maintains ordinary banking relationships and with which the Company maintains credit facilities.

DESCRIPTION OF PREFERRED STOCK

The following is a description of certain general terms and provisions of the Preferred Stock. The particular terms of any series of Preferred Stock will be described in the applicable Prospectus Supplement. If so indicated in a Prospectus Supplement, the terms of any such series may differ from the terms set forth below. The summary of terms of the Company's Preferred Stock contained in this Prospectus and the applicable Prospectus Supplement does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Company's Certificate of Incorporation and the certificate of designations relating to the applicable series of the Preferred Stock (the "Certificate of Designations"), which will be filed as an exhibit to or incorporated by reference in the Registration Statement of which this Prospectus is a part at the time of issuance of such series of the Preferred Stock.

The Company's Certificate of Incorporation authorizes the issuance of 2,000,000 shares of Preferred Stock, par value of \$0.10 per share. The Company's Preferred Stock may be issued from time to time by the Board of Directors in one or more series, without stockholder approval. The Board of Directors is authorized to determine the voting powers (if any), designation,

preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, for each series of Preferred Stock that may be issued, and to fix the number of shares of each such series. Thus, the Board of Directors, without stockholder approval, could authorize the issuance of Preferred Stock with voting, conversion and other rights that could adversely affect the voting power and other rights of holders of Special Stock (including Class A Common Stock) and Class B Common Stock or other series of Preferred Stock or that could have the effect of delaying, deferring or preventing a change in control of the Company. The only series of Preferred Stock that has been issued to date is the Step-Up Convertible Preferred Stock, of which 700,000 shares are currently outstanding. See "--Step-Up Convertible Preferred Stock."

General

Reference is made to the Prospectus Supplement for the following terms of and information relating to the Preferred Stock of any series (to the extent such terms are applicable to such Preferred Stock): (i) the specific designation, number of shares, seniority and purchase price; (ii) any liquidation preference per share; (iii) any date of maturity; (iv) any redemption, payment or sinking fund provisions; (v) any dividend rate or rates and the dates on which any such dividends will be payable (or the method by which such rates or dates will be determined); (vi) any voting rights; (vii) the currency or units based on or relating to currencies in which such Preferred Stock are denominated and/or in which payments will or may be payable; (viii) the methods by which amounts payable in respect of such Preferred Stock may be calculated and any commodities, currencies or indices, or value, rate or price, relevant to such calculation; (ix) whether the Preferred Stock is convertible or exchangeable and, if so, the securities or rights into which such Preferred Stock is convertible or exchangeable, the terms and conditions upon which such conversions or exchanges will be effected including the initial conversion or exchange prices or rates, the conversion or exchange period and any other related provisions; (x) the place or places where dividends and other payments on the Preferred Stock will be payable; (xi) and any additional voting, dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions.

The Preferred Stock offered hereby will be issued in one or more series. The holders of Preferred Stock will have no preemptive rights. Preferred Stock, upon issuance against full payment of the purchase price therefor, will be fully paid and nonassessable. Neither the par value nor the liquidation preference is indicative of the price at which the Preferred Stock will actually trade on or after the date of issuance. All shares of Preferred Stock shall be of equal rank with each other, regardless of series.

As described under "Description of Depositary Shares," the Company may, at its option, elect to offer depositary shares ("Depositary Shares") evidenced by depositary receipts ("Depositary Receipts"), each representing an interest (to be specified in the Prospectus Supplement relating to the particular series of the Preferred Stock) in a share of the particular series of the Preferred Stock issued and deposited with a Depositary (as defined below).

Dividends

Holders of shares of Preferred Stock of each series shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Company legally available for payment, cash dividends, payable at such dates and at such rates per share per annum as set forth in the applicable Prospectus Supplement. Such rate may be fixed or variable or both. Each declared dividend shall be payable to holders of record as they appear on the stock books of the Company on such record dates determined by the Board of Directors or a duly authorized committee thereof.

Dividends on any series of the Preferred Stock may be cumulative or noncumulative, as provided in the applicable Prospectus Supplement. If dividends on a series of Preferred Stock are noncumulative and if the Board of Directors fails to declare a dividend in respect of a dividend period with respect to such series, then holders of such Preferred Stock will have no right to receive a dividend in respect of such dividend period, and the Company will have no obligation to pay the dividend for such period, whether or not dividends are declared payable on any future dividend payment dates.

Unless full cumulative dividends for all past dividend periods on all outstanding shares of cumulative Preferred Stock and any other series of capital stock of the Company ranking on a parity with the Preferred Stock have been paid, or declared and set apart for payment, the Company may not (i) declare, pay or set apart any amounts for dividends on, or make any other distribution in cash or other property in respect of, the Class A or Class B Common Stock or any other stock of the Company ranking junior to the Preferred Stock as to dividends or distribution of assets upon liquidation, dissolution or winding up of the affairs of the Company (the Class A or Class B Common Stock and such other stock being referred to herein as "Junior Stock") other than a dividend payable solely in Junior Stock, (ii) purchase, redeem or otherwise acquire for value any shares of Junior Stock, directly or indirectly, other than as a result of a reclassification of Junior Stock, or the exchange or conversion of one Junior Stock for or into another Junior Stock, or other than through the use of proceeds of a substantially contemporaneous sale of other Junior Stock, or (iii) make any payment on account of, or set aside money for, a sinking or other like fund for the purchase, redemption or other acquisition for value of any shares of Junior Stock. If the funds available for the payment of dividends are insufficient to pay in full the dividends payable on all outstanding shares of cumulative Preferred Stock and any other series of capital stock of the Company ranking on a parity with the Preferred Stock, the total available funds to be paid in partial dividends on such Preferred Stock and such other series shall be divided among the Preferred Stock and such other series in proportion to the aggregate amount of dividends accrued and unpaid with respect to such Preferred Stock and such other series. Accruals of dividends will not bear interest.

Convertibility and Exchangeability

The terms, if any, on which shares of Preferred Stock of any series may be exchanged for or converted (mandatorily or otherwise) into shares of Preferred Stock or Special Stock (including Class A Common Stock) or other securities or rights of the Company (including rights to receive payments in cash or securities based on the value, rate or price of one or more specified commodities, currencies or indices) will be set forth in the Prospectus Supplement relating thereto.

Redemption

The terms, if any, on which shares of Preferred Stock of any series may be redeemed will be set forth in the related Prospectus Supplement.

If fewer than all of the outstanding shares of any series of Preferred Stock are to be redeemed, the number of shares of such series and the method of effecting such redemption, whether by lot or pro rata, will be as determined by the Company (with adjustment to avoid redemption of fractional shares).

Liquidation

Unless otherwise specified in the applicable Prospectus Supplement, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after payment or provision for payment of the debts and other liabilities of the Company, the holders of shares of any series of the Preferred Stock, together with any other Preferred Stock and any other series of capital stock of the Company ranking on a parity with such series of the Preferred Stock, will be entitled to receive out of the remaining net assets of the Company an amount per share as set forth in the related Prospectus Supplement plus accrued and unpaid dividends before any distribution is made or set apart for the holders of Junior Stock. If the amounts payable with respect to such Preferred Stock are not paid in full, the holders of such Preferred Stock and any stock of the Company on a parity with such Preferred Stock as to distribution of assets upon the liquidation, dissolution or winding up of the Company will have the right to share ratably in any distribution of the remaining assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of such series of Preferred Stock will not be entitled to any further participation in any distribution of the remaining assets by the Company. A consolidation or merger of the Company with one or more

corporations or the sale of all or substantially all of the assets of the Company will not be deemed to be a liquidation, dissolution or winding up of the Company.

Voting

The Preferred Stock of a series will not be entitled to vote, except as provided below or in the applicable Prospectus Supplement and as required by applicable law. Unless otherwise indicated in the Prospectus Supplement relating to a series of Preferred Stock, each share of such series will be entitled to one vote on matters which holders of such series are entitled to vote. Unless otherwise specified in the related Prospectus Supplement, at any time dividends in an amount equal to six quarterly dividend payments on the Preferred Stock of such series shall have accrued and be unpaid, holders of such Preferred Stock shall have the right to a separate class vote together with the holders of shares of other series of stock of the Company ranking on a parity with such series of Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (such other series of stock being herein referred to as "Other Voting Stock") to elect two members to the Board of Directors until dividends on such Preferred Stock have been paid in full or declared and set apart in trust for payment. In such case, the Board of Directors will be increased by two directors, and the holders of Preferred Stock of such series (either alone or with the holders of Other Voting Stock) will have the exclusive right as members of such class, as outlined above, to elect two directors at the next annual meeting of stockholders. Additionally, without the affirmative vote of the holders of a majority of the shares of Preferred Stock of such series then outstanding, voting as a separate class, the Company may not (i) create, authorize or issue any series or class of stock ranking prior to the shares of Preferred Stock of such series with respect to dividends or distributions of assets upon liquidation, dissolution or winding up or (ii) change the rights, powers or preferences or qualifications, limitations or restrictions thereof with respect to the Preferred Stock of such series if such action would materially adversely affect such holders.

As more fully described under "Description of Depositary Shares" below, if the Company elects to issue Depositary Shares, each representing a fraction of a share of a series of the Preferred Stock, each such Depositary Share will, in effect, be entitled to such fraction of a vote per Depositary Share.

No Other Rights

The shares of a series of Preferred Stock will not have any preferences, voting powers or relative, participating, optional or other special rights except as set forth above or in the related Prospectus Supplement, the Certificate of Incorporation or the applicable certificate of designations or as otherwise required by law.

Transfer Agent and Registrar

The transfer agent for each series of Preferred Stock will be described in the related Prospectus Supplement.

Step-Up Convertible Preferred Stock

As of July 8, 1993, the Company had outstanding 700,000 shares of Step-Up Convertible Preferred Stock, par value \$0.10 per share. The Step-Up Convertible Preferred Stock is represented by Depositary Shares, each of which represents 0.05 shares of such stock. The Step-Up Convertible Preferred Stock ranks, as to payment of dividends and distribution upon liquidation, pari passu with the Company's 7% Convertible Exchangeable Special Preference Stock and senior to the Company's Class A Common Stock and Class B Common Stock.

The Depositary Shares have a liquidation preference of \$25.00 per share (equivalent to \$500.00 per share of Step-Up Convertible Preferred Stock) and are convertible at the option of the holder at any time, unless previously redeemed, into 0.813 shares of Class A Common Stock (equivalent to a conversion price of \$30.75 per share of Class A Common Stock), subject to adjustment in certain circumstances. Dividends on the Step-Up Convertible Preferred Stock are cumulative and are payable quarterly commencing November 1, 1993 in an amount equivalent to \$1.25 per annum per Depositary Share

through August 1, 1996 and thereafter in an amount equivalent to \$1.75 per annum per Depositary Share until redemption or conversion.

The Depositary Shares are not redeemable prior to August 1, 1996. Thereafter and prior to August 1, 1999, the Depositary Shares are redeemable at the option of the Company, in whole or in part, for such number of shares of Class A Common Stock as are issuable at a conversion rate of 0.813 shares of Class A Common Stock for each Depositary Share, subject to adjustment in certain circumstances. The Company may exercise this option only if the trading prices of the Class A Common Stock as measured for a specified number of trading days prior to public notice of the redemption have exceeded \$38.44 per share, subject to adjustment in certain circumstances. On and after August 1, 1999, the Depositary Shares are redeemable, in whole or in part, at the option of the Company, at a redemption price of \$25.00 per Depositary Share plus accrued and unpaid dividends. The Company may, at its option, subject to certain exceptions, pay the redemption price in cash, Class A Common Stock or any combination thereof.

The Step-Up Convertible Preferred Stock has limited voting rights triggered by the failure of the Company to pay dividends in an amount equal to six full quarterly dividends or by the Company's proposed amendment to its Certificate of Incorporation so as to adversely affect the rights of holders of Step-Up Convertible Preferred Stock. Voting rights are not triggered upon amendment to the Certificate of Incorporation to authorize other series of stock of the Company ranking on a parity with or junior to the Step-Up Convertible Preferred Stock as to dividends or rights upon liquidation.

DESCRIPTION OF SPECIAL STOCK AND CLASS B COMMON STOCK

Special Stock (including Class A Common Stock) of the Company is offered hereby only in connection with the conversion or exchange of Debt Securities or Preferred Stock or upon the exercise of Warrants offered hereby. The Board of Directors has the power to fix various terms with respect to each series of Special Stock, including voting powers, designations, preferences and other rights, qualifications, limitations, restrictions and redemption, conversion or exchangeability provisions.

Class A Common Stock and Class B Common Stock

All authorized shares of Class B Common Stock are held by FTX. All outstanding shares of Class A Common Stock are publicly held (except for 761,800 such shares which are held by FTX as of July 9, 1993). The Class A Common Stock is listed on the New York Stock Exchange; the Class B Common Stock is not listed on any securities exchange. On May 1, 1993, all provisions of Class A Common Stock that varied from those of Class B Common Stock ceased to have effect.

Each outstanding share of Class A Common Stock and Class B Common Stock is entitled to one vote on all matters submitted to a vote of stockholders. There is no cumulative voting. The Class A Common Stock and the Class B Common Stock vote as a single class.

The holders of outstanding shares of Class A Common Stock and Class B Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such equal per share amounts as the Board of Directors may from time to time determine, and upon liquidation, dissolution or winding up of the Company, the holders of Class A Common Stock and Class B Common Stock are entitled to receive on an equal per share basis the assets of the Company which are legally available for distribution, after payment of all debts and other liabilities and payment of dividends and liquidation preferences in respect of any other stock of the Company ranking senior to Class A Common Stock and Class B Common Stock as to such payments. The shares of Class A Common Stock and Class B Common Stock are neither redeemable nor convertible, and the holders thereof have no preemptive or subscription rights to purchase any securities of the Company. The outstanding shares of Class A Common Stock and Class B Common Stock are, and the shares of Class A Common Stock to be offered pursuant to any Prospectus Supplement hereto will be, validly issued, fully paid and nonassessable.

The transfer agent and registrar for the Class A Common Stock is Mellon Securities Trust Company.

Special Preference Stock

As of July 9, 1993, the Company had outstanding 26,400,000 shares of 7% Convertible Exchangeable Special Preference Stock, par value \$0.10 per share (the "Special Preference Stock"), a series of Special Stock. The Special Preference Stock is represented by depositary shares, each of which represents 2 16/17 shares of Special Preference Stock. The Special Preference Stock is redeemable at the option of the Company, in whole or in part, at prices declining to \$25 per depositary share, commencing on August 1, 1995. The Special Preference Stock ranks, as to payments of dividends and distributions upon liquidation, pari passu with the Step-Up Convertible Preferred Stock and prior to Class A and Class B Common Stock. Holders of shares of Special Preference Stock will be entitled to receive cumulative cash dividends at an annual rate equivalent to \$0.595 per share (\$1.75 per Depositary Share) when and as and if declared by the Board of Directors of the Company, which dividends are payable quarterly. After full cumulative dividends on Special Preference Stock for all past and current quarterly dividend periods have been paid in full, the Special Preference Stock will not be entitled to participate with the Class A and Class B Common Stock in any further distributions by the Company (except upon liquidation, dissolution or winding up of the Company). In the event of any such liquidation, dissolution or winding up, after payment or provision for payment of the debts and other liabilities of the Company, the holders of Special Preference Stock will be entitled to receive out of the remaining net assets of the Company \$8.50 per share (\$25 per Depositary Share) in cash plus accrued and unpaid dividends before any distribution is made or set apart for the holders of the Class A and Class B Common Stock or any other stock of the Company ranking junior to the Special Preference Stock as to dividends or distribution of assets upon liquidation, dissolution or winding up of the affairs of the Company.

Each depositary share representing Special Preference Stock is convertible at the option of the holder at any time, unless previously redeemed, into 0.992 shares of Class A Common Stock (equivalent to a conversion price of \$25.20 per share of Class A Common Stock), subject to adjustment in certain circumstances. The depositary shares are exchangeable in whole at the option of the Company on any quarterly dividend payment date, commencing August 1, 1994, for the Company's 7% Convertible Subordinated Debentures due 2007 (the "Debentures") at a rate of \$25.00 principal amount of Debentures for each depositary share. The Debentures, if issued, will be convertible at the option of the holder at any time, unless previously redeemed, into Class A Common Stock at the conversion price for depositary shares for which the Debentures have previously been exchanged, subject to adjustments in certain circumstances.

The Special Preference Stock has limited voting rights triggered by the failure of the Company to pay dividends in an amount equal to six full quarterly dividends or by the Company's proposed amendment to its Certificate of Incorporation so as to adversely affect the rights of holders of Special Preference Stock. Voting rights are not triggered upon amendment to the Certificate of Incorporation to authorize other series of stock of the Company, whether ranking senior to, on a parity with or junior to the Special Preference Stock as to dividends or rights upon liquidation.

Other Outstanding Securities Exchangeable or Convertible into Class A Common Stock

The Company has also issued Liquid Yield Option Notes due 2011 ("LYONs") having a principal amount at maturity of \$1,035,000,000 that are exchangeable into Class A Common Stock. As of July 9, 1993, LYONs with an aggregate principal amount at maturity of \$460,813,000 are outstanding. The original issue price of the LYONs was 21.855% of their principal amount at maturity and there are to be no periodic payments of interest on the LYONs. The LYONs are exchangeable at the option of the holder, subject to prior redemption or purchase by the Company, into either the value of .6015 ounce of gold or the value of 15.01 shares of Class A Common Stock, in either case, per \$1,000 principal amount at maturity of LYONs, subject to adjustment in certain circumstances. Such value will be paid, at the option of the Company, either in Class A Common Stock, in cash or in any combination thereof. The holders also have the option to cause the Company to purchase the LYONs on July 1, 1996; July 1, 2001; and July 1, 2006 at escalating percentages of their principal amount at maturity. The purchase price payable by the Company upon holders' exercise of this option, may be paid in Class A Common Stock, in cash

or in any combination thereof. The Company may redeem the LYONs, in whole or in part, at any time, at the issue price plus accrued original issue discount through date of redemption.

On July 8, 1993 the Company issued 14,000,000 Depositary Shares, each representing 0.05 shares of the Company's Step-Up Convertible Preferred Stock. The Depositary Shares are convertible at the option of the holder at any time, unless previously redeemed, into 0.813 shares of Class A Common Stock of the Company, subject to adjustment in certain circumstances. The Company has granted to the underwriters of such Depositary Shares an option exercisable until July 30, 1993, to purchase up to 2,000,000 additional Depositary Shares. See "Description of Preferred Stock--Step-Up Convertible Preferred Stock."

DESCRIPTION OF DEPOSITARY SHARES

The description set forth below and in any Prospectus Supplement of certain provisions of the Deposit Agreement (as defined below) and of the Depositary Shares and Depositary Receipts does not purport to be complete and is subject to, and qualified in its entirety by reference to, the form of Deposit Agreement and form of Depositary Receipts relating to each series of the Preferred Stock or Special Stock which will be filed with the Commission as an exhibit to the Registration Statement of which this Prospectus is a part.

General

The Company may, at its option, elect to have shares of Preferred Stock or Special Stock be represented by Depositary Shares. The shares of any series of the Preferred Stock or Special Stock underlying the Depositary Shares will be deposited under a separate deposit agreement (the "Deposit Agreement") between the Company and a bank or trust company selected by the Company (the "Depositary"). The Prospectus Supplement relating to a series of Depositary Shares will set forth the name and address of the Depositary. Subject to the terms of the Deposit Agreement, each owner of a Depositary Share will be entitled, in proportion to the applicable interest in the number of shares of Preferred Stock or Special Stock underlying such Depositary Share, to all the rights and preferences of the Preferred Stock or Special Stock underlying such Depositary Share (including dividend, voting, redemption, conversion, exchange and liquidation rights).

The Depositary Shares will be evidenced by Depositary Receipts issued pursuant to the Deposit Agreement, each of which will represent the applicable interest in a number of shares of a particular series of the Preferred Stock or Special Stock described in the applicable Prospectus Supplement.

Unless otherwise specified in the Prospectus Supplement, a holder of Depositary Shares is not entitled to receive the shares of Preferred Stock or Special Stock underlying the Depositary Shares.

Dividends and Other Distributions

The Depositary will distribute all cash dividends or other cash distributions received in respect of the Preferred Stock or Special Stock to the record holders of Depositary Shares representing such Preferred Stock or Special Stock in proportion to the numbers of such Depositary Shares owned by such holders on the relevant record date.

In the event of a distribution other than in cash, the Depositary will distribute property received by it to the record holders of Depositary Shares entitled thereto or the Depositary may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

The Deposit Agreement also contains provisions relating to the manner in which any subscription or similar rights offered by the Company to holders of Preferred Stock or Special Stock shall be made available to holders of Depositary Shares.

Conversion and Exchange

If any Preferred Stock or Special Stock underlying the Depositary Shares is subject to provisions relating to its conversion or exchange as set forth in the Prospectus Supplement relating thereto, each record holder of

Depository Shares will have the right or obligation to convert or exchange such Depository Shares into other securities of the Company or rights or payments (including rights to receive payments in cash or securities based on the value, rate or price of one or more specified commodities, currencies or indices) pursuant to the terms thereof.

Redemption of Depository Shares

If Preferred Stock or Special Stock underlying the Depository Shares is subject to redemption, the Depository Shares will be redeemed from the proceeds received by the Depository resulting from the redemption, in whole or in part, of the Preferred Stock or Special Stock held by the Depository. The redemption price per Depository Share will be equal to the aggregate redemption price payable with respect to the number of shares of Preferred Stock or Special Stock underlying the Depository Shares. Whenever the Company redeems Preferred Stock or Special Stock from the Depository, the Depository will redeem as of the same redemption date a proportionate number of Depository Shares representing the shares of Preferred Stock or Special Stock that were redeemed. If less than all the Depository Shares are to be redeemed, the Depository Shares to be redeemed will be selected by lot or pro rata as may be determined by the Company.

After the date fixed for redemption, the Depository Shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the Depository Shares will cease, except the right to receive the redemption price payable upon such redemption. Any funds deposited by the Company with the Depository for any Depository Shares which the holders thereof fail to redeem shall be returned to the Company after a period of two years from the date such funds are so deposited.

Voting

Upon receipt of notice of any meeting or action in lieu of any meeting at which the holders of any shares of Preferred Stock or Special Stock underlying the Depository Shares are entitled to vote, the Depository will mail the information contained in such notice to the record holders of the Depository Shares relating to such Preferred Stock or Special Stock. Each record holder of such Depository Shares on the record date (which will be the same date as the record date for the Preferred Stock or Special Stock) will be entitled to instruct the Depository as to the exercise of the voting rights pertaining to the number of shares of Preferred Stock or Special Stock underlying such holder's Depository Shares. The Depository will endeavor, insofar as practicable, to vote the number of shares of Preferred Stock or Special Stock underlying such Depository Shares in accordance with such instructions, and the Company will agree to take all action which may be deemed necessary by the Depository in order to enable the Depository to do so.

Amendment of the Deposit Agreement

The form of Depository Receipt evidencing the Depository Shares and any provision of the Deposit Agreement may at any time be amended by agreement between the Company and the Depository, provided, however, that any amendment which materially and adversely alters the rights of the existing holders of Depository Shares will not be effective unless such amendment has been approved by the record holders of at least a majority of the Depository Shares then outstanding.

Charges of Depository

The Company will pay all transfer and other taxes and governmental charges that arise solely from the existence of the depositary arrangements. The Company will pay charges of the Depository in connection with the initial deposit of the Preferred Stock or Special Stock and any exchange or redemption of the Preferred Stock or Special Stock. Holders of Depository Shares will pay all other transfer and other taxes and governmental charges, and, in addition, such other charges as are expressly provided in the Deposit Agreement to be for their accounts.

Miscellaneous

The Company, or at the option of the Company, the Depository, will forward to the holders of Depository Shares all reports and communications

from the Company which the Company is required to furnish to the holders of Preferred Stock or Special Stock.

Neither the Depositary nor the Company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement. The obligations of the Company and the Depositary under the Deposit Agreement will be limited to performance in good faith of their duties thereunder and they will not be obligated to prosecute or defend any legal proceeding in respect of any Depositary Share or Preferred Stock or Special Stock unless satisfactory indemnity has been furnished. The Company and the Depositary may rely upon written advice of counsel or accountants, or information provided by persons presenting Preferred Stock or Special Stock for deposit, holders of Depositary Shares or other persons believed to be competent and on documents believed to be genuine.

Resignation and Removal of Depositary; Termination of the Deposit Agreement

The Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Depositary, any such resignation or removal to take effect upon the appointment of a successor Depositary and its acceptance of such appointment. Such successor Depositary will be appointed by the Company within 60 days after delivery of the notice of resignation or removal. The Deposit Agreement may be terminated at the direction of the Company or by the Depositary if a period of 90 days shall have expired after the Depositary has delivered to the Company written notice of its election to resign and a successor depositary shall not have been appointed. Upon termination of the Deposit Agreement, the Depositary will discontinue the transfer of Depositary Receipts, will suspend the distribution of dividends to the holders thereof, and will not give any further notices (other than notice of such termination) or perform any further acts under the Deposit Agreement except that the Depositary will continue to deliver Preferred Stock or Special Stock certificates, together with such dividends and distributions and the net proceeds of any sales of rights, preferences, privileges or other property in exchange for Depositary Receipts surrendered. Upon request of the Company, the Depositary shall deliver all books, records, certificates evidencing Preferred Stock or Special Stock, Depositary Receipts and other documents relating to the subject matter of the Deposit Agreement to the Company.

DESCRIPTION OF WARRANTS

General

The Company may issue Warrants, including Warrants to purchase Debt Securities ("Debt Warrants"), as well as other types of Warrants. Warrants may be issued independently or together with any Debt Securities or Preferred Stock and may be attached to or separate from such Debt Securities or Preferred Stock. Each series of Warrants will be issued under a separate warrant agreement (each a "Warrant Agreement") to be entered into between the Company and a warrant agent ("Warrant Agent"). The following sets forth certain general terms and provisions of the Warrants offered hereby. Further terms of the Warrants and the applicable Warrant Agreement are set forth in the applicable Prospectus Supplement.

Debt Warrants

The applicable Prospectus Supplement will describe the following terms of the Debt Warrants in respect of which this Prospectus is being delivered: (1) the title of such Debt Warrants; (2) the aggregate number of such Debt Warrants; (3) the price or prices at which such Debt Warrants will be issued; (4) the currency or currencies, including composite currencies, in which the price of such Debt Warrants may be payable; (5) the designation, aggregate principal amount and terms of the Debt Securities purchasable upon exercise of such Debt Warrants; (6) the price at which and currency or currencies, including composite currencies, in which the Debt Securities purchasable upon exercise of such Debt Warrants may be purchased; (7) the date on which the right to exercise such Debt Warrants shall commence and the date on which such right shall expire; (8) if applicable, the minimum or maximum amount of such Debt Warrants which may be exercised at any one time; (9) if applicable, the designation and terms of the Debt Securities or Preferred Stock with which such Debt Warrants are issued and the number of such Debt Warrants issued with each such Debt Security or Preferred Stock; (10) if applicable, the date on

and after which such Debt Warrants and the related Debt Securities or Preferred Stock will be separately transferable; (11) information with respect to book-entry procedures, if any; (12) if applicable, a discussion of certain United States Federal income tax considerations; and (13) any other terms of such Debt Warrants, including terms, procedures and limitations relating to the exchange and exercise of such Debt Warrants.

Other Warrants

The Company may issue other Warrants. The applicable Prospectus Supplement will describe the following terms of any such other Warrants in respect of which this Prospectus is being delivered: (1) the title of such Warrants; (2) the aggregate number of such Warrants; (3) the price or prices at which such Warrants will be issued; (4) the currency or currencies, including composite currencies, in which the price of such Warrants may be payable; (5) the securities, which may include Preferred Stock or Special Stock (including Class A Common Stock) or other rights (including rights to receive payments in cash or securities based on the value, rate or price of one or more specified commodities, currencies or indices), purchasable upon exercise of such Warrants; (6) the price at which and the currency or currencies, including composite currencies, in which the securities purchasable upon exercise of such Warrants may be purchased; (7) the date on which the right to exercise such Warrants shall commence and the date on which such right shall expire; (8) if applicable, the minimum or maximum amount of such Warrants which may be exercised at any one time; (9) if applicable, the designation and terms of the Debt Securities or Preferred Stock with which such Warrants are issued and the number of such Warrants issued with each such Debt Security or share of Preferred Stock; (10) if applicable, the date on and after which such Warrants and the related Debt Securities or Preferred Stock will be separately transferable; (11) information with respect to book-entry procedures, if any; (12) if applicable, a discussion of certain United States Federal income tax considerations; and (13) any other terms of such Warrants, including terms, procedures and limitations relating to the exchange and exercise of such Warrants.

LIMITATIONS ON ISSUANCE OF BEARER DEBT SECURITIES AND BEARER DEBT WARRANTS

Except as may otherwise be provided in the Prospectus Supplement applicable thereto, in compliance with United States federal income tax laws and regulations, Debt Securities that are Bearer Securities (including Bearer Securities in global form) and Debt Warrants that are Bearer Warrants will not be offered, sold, resold or delivered, directly or indirectly, in the United States or its possessions or to United States persons (as defined below), except as otherwise permitted by United States Treasury Regulations Section 1.163-5(c)(2)(i)(D). Any underwriters, agents and dealers participating in the offerings of such Bearer Securities or such Bearer Warrants, directly or indirectly, must agree that (i) they will not, in connection with the original issuance of any such Bearer Securities or during the period set forth in the Prospectus Supplement following the original issuance of such Bearer Securities, offer, sell, resell or deliver, directly or indirectly, any such Bearer Securities in the United States or its possessions or to United States persons (other than as permitted by the applicable Treasury Regulations described above) and (ii) they will not, at any time, offer, sell, resell or deliver, directly or indirectly, any such Bearer Warrants in the United States or its possessions or to United States persons (other than as permitted by the applicable Treasury Regulations described above). In addition, any such underwriters, agents and dealers must have procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Bearer Securities or such Bearer Warrants are aware of the above restrictions on the offering, sale, resale or delivery of such Bearer Securities or such Bearer Warrants. Moreover, such Bearer Securities (other than temporary global Debt Securities) and any coupons appertaining thereto will not be delivered in definitive form unless the Company has received a signed certificate in writing (or an electronic certificate described in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(ii)) stating that on such date (i) such Bearer Security is owned by a person that is not a United States person or, if such person is a United States person, that it is a financial institution (as defined in United States Treasury Regulations Section 1.165-12(c)(1)(v)) purchasing for its own account or the account of a customer, or (ii) such Bearer Security is owned by a financial institution (described above) for purposes of resale during the period set forth in the

Prospectus Supplement following the original issuance of such Bearer Security and has not been acquired for the purposes of resale directly or indirectly within the United States or to United States persons (other than as permitted by the applicable Treasury Regulations described above). Such Bearer Warrants will not be issued in definitive form.

Such Bearer Securities (other than temporary global Debt Securities) and any coupons appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States federal income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code." The sections referred to in such legend provide that a United States person (other than a United States financial institution described above or a United States person holding through such a financial institution) who holds such Bearer Security or coupon will not be allowed to deduct any loss realized on the sale, exchange or redemption of such Bearer Security and any gain (which might otherwise be characterized as capital gain) recognized on such sale, exchange or redemption will be treated as ordinary income.

As used herein, "United States person" means a citizen, national or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

PLAN OF DISTRIBUTION

The Company may sell the Securities being offered hereby in four ways: (i) through agents, (ii) through underwriters, (iii) through dealers and (iv) directly to other purchasers, or any combination of the foregoing.

Offers to purchase Securities may be solicited by agents designated by the Company from time to time. Any such agent, who may be deemed to be an underwriter as the term is defined in the Securities Act, involved in the offer or sale of any Securities will be named, and any commissions payable by the Company to such agent set forth, in the Prospectus Supplement relating to such Securities. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Agents may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

If any underwriters are utilized in the sale of any Securities, the Company will enter into an underwriting agreement with such underwriters at the time of such sale to them and the names of the underwriters and the terms of the transaction will be set forth in the Prospectus Supplement relating to such Securities, which will be used by the underwriters to make resales of such Securities. The underwriters may be entitled, under the relevant underwriting agreement, to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

If a dealer is utilized in the sale of any Securities, the Company will sell such Securities to the dealer, as principal. The dealer may then resell such Securities to the public at varying prices to be determined by such dealer at the time of resale. Dealers may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

If so indicated in the Prospectus Supplement, the Company will authorize agents, underwriters or dealers to solicit offers by certain purchasers to purchase any Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to only those conditions set forth in the Prospectus Supplement, and the Prospectus Supplement will set forth the commission

payable for solicitation of such offers.

LEGAL MATTERS

The validity of the Securities will be passed upon for the Company by Davis Polk & Wardwell. Certain tax matters in connection with the Securities will be passed upon for the Company by Miller & Chevalier, Chartered, tax counsel to the Company.

EXPERTS

The audited financial statements and schedules of the Company for December 31, 1992 and 1991 and for each of the three years in the three year period ended December 31, 1992 incorporated in this Prospectus by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (as amended June 25, 1993) have been audited by Arthur Andersen & Co., independent public accountants as indicated in their reports with respect thereto and are incorporated herein by reference in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports. Future audited financial statements and schedules of the Company and the reports thereon of the Company's independent public accountants also will be incorporated by reference in this Prospectus in reliance upon the authority of those accountants as experts in giving those reports to the extent said firm has audited those financial statements and consented to the use of their reports thereon.

The audited financial statements of Rio Tinto Minera, S.A. as of and for the year ended December 31, 1992 incorporated in this Prospectus by reference to the amendment filed on May 21, 1993 to the Company's Current Report on Form 8-K dated April 13, 1993 have been audited by Coopers & Lybrand, S.A. as indicated in their Report of the Auditors with respect thereto and are incorporated herein by reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

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No dealer, salesperson or other person has been authorized to give any information or to make any representations in connection with this offering not contained or incorporated by reference in this Prospectus Supplement or the Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any of the U.S. Underwriters. This Prospectus Supplement and the Prospectus do not constitute any offer of any security other than those to which this Prospectus Supplement relates or an offer to sell or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus Supplement or the Prospectus nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained herein or therein is correct as of any time subsequent to the respective dates hereof or thereof or that there has been no change in the affairs of the Company since their respective dates.

TABLE OF CONTENTS Prospectus Supplement

	Page

Prospectus Summary	S-3
Special Considerations with Respect to the Offering.....	S-10
The Company.....	S-11
Use of Proceeds.....	S-16
Capitalization.....	S-17
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	S-18
Description of Gold-Denominated Preferred Stock.....	S-24
Description of Depositary Shares.....	S-29

Certain Federal Income Tax	
Consequences.....	S-30
Legal Matters.....	S-34
Underwriting.....	S-34
Experts.....	S-36

Prospectus

Available Information.....	2
Incorporation of Documents by	
Reference.....	2
The Company.....	3
Use of Proceeds.....	4
Special Considerations.....	4
Ratio of Earnings to Fixed Charges...	6
Relationship of the Company Group	
with the FTX Group.....	6
Description of Debt Securities.....	8
Description of Preferred Stock.....	15
Description of Special Stock and	
Class B Common Stock.....	19
Description of Depositary Shares.....	21
Description of Warrants.....	23
Limitations on Issuance of Bearer Debt	
Securities and Bearer Debt	
Warrants.....	24
Plan of Distribution.....	25
Legal Matters.....	26
Experts.....	26

3,750,000

Depositary Shares, Series II

FREEPORT-MCMORAN
[LOGO]
COPPER & GOLD

Each Representing
0.05 Shares of
Gold-Denominated
Preferred Stock, Series II

PROSPECTUS SUPPLEMENT
January __, 1994

LEHMAN BROTHERS
KIDDER, PEABODY & CO.
INCORPORATED
MERRILL LYNCH & CO.
S.G.WARBURG & CO. INC.

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COVER PAGE FOR INTERNATIONAL PROSPECTUS

SUBJECT TO COMPLETION, DATED JANUARY 7, 1994

PROSPECTUS SUPPLEMENT
(To Prospectus Dated July 21, 1993)

3,750,000 Depositary Shares, Series II

[LOGO] FREEPORT-MCMORAN COPPER & GOLD
Each Representing 0.05 Shares of
Gold-Denominated Preferred Stock, Series II

Of the 3,750,000 Depositary Shares, Series II (the "Depositary Shares") being offered, 3,000,000 Depositary Shares initially are being offered in the United States by the U.S. Underwriters (the "United States Offering") and 750,000 Depositary Shares initially are being offered outside the United States by the International Managers (the "International Offering" and, together with the United States Offering, the "Offering"). The initial public offering price and the underwriting discounts and commissions for the United States Offering and for the International Offering are identical. See "Underwriting".

Each of the Depositary Shares represents 0.05 shares of Gold-Denominated Preferred Stock, Series II, par value \$0.10 per share (the "Gold-Denominated Preferred Stock"), of Freeport-McMoRan Copper & Gold Inc. (the "Company" or "FCX"), to be deposited with Mellon Securities Trust Company, as Depositary, and entitles the holder to all proportional rights, preferences and privileges of the Gold-Denominated Preferred Stock represented thereby. The Gold-Denominated Preferred Stock will be substantially identical to the Gold-Denominated Preferred Stock issued by the Company in August 1993 (the "Existing Gold-Denominated Preferred Stock") except for dates and amounts related to issuance, dividends and redemption. The Gold-Denominated Preferred Stock will rank, as to payment of dividends and distribution upon liquidation, pari passu with the Existing Gold-Denominated Preferred Stock, the Company's 7% Convertible Exchangeable Special Preference Stock (the "Special Preference Stock") and its Step-Up Convertible Preferred Stock (the "Step-Up Convertible Preferred Stock") and senior to the Company's Class A Common Stock and Class B Common Stock.

It is expected that the price to the public of the Depositary Shares will be approximately equal to one-tenth of \$, the London P.M. gold fixing price for one ounce of gold in the London bullion market on January __, 1994, the date of pricing. On January 6, 1994, the London P.M. fixing price for gold on the London bullion market was \$385.65 per ounce of gold.

Dividends on the Gold-Denominated Preferred Stock will be cumulative from the date of original issuance thereof (the "Issue Date") and are payable quarterly in an amount equal to the Dollar Equivalent Value (as defined herein) of _____ ounces of gold per Depositary Share per quarter. The first quarterly dividend will be payable on May 1, 1994 and will be based upon the number of days the Depositary Shares are outstanding through such date.

The Depositary Shares will be subject to mandatory redemption on February 1, 2006 at the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share plus accrued and unpaid dividends. Except in limited circumstances, the Depositary Shares will not be subject to redemption at the option of the Company. The Depositary Shares will have a liquidation preference equal to the Dollar Equivalent Value of 0.10 ounces of gold per Depositary Share plus accrued and unpaid dividends. See "Description of Gold-Denominated Preferred Stock."

Application will be made to list the Depositary Shares on the New York Stock Exchange.

See "Special Considerations with Respect to the Offering" in this Prospectus Supplement and "Special Considerations" in the accompanying Prospectus for information that should be considered by prospective investors.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES
AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION
NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE
SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY
OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY
REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount (1)	Proceeds to Company (2)
Per Depository Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

- (1) The Company has agreed to indemnify the International Managers and the U.S. Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deduction of expenses payable by the Company estimated at \$.
- (3) The Company has granted the International Managers a 30-day option to purchase up to 110,000 additional Depository Shares solely to cover over-allotments, if any. The U.S. Underwriters have been granted a similar option to purchase up to 440,000 additional Depository Shares solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$, \$, and \$, respectively. See "Underwriting."

The Depository Shares offered by this Prospectus Supplement are offered by the International Managers subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the International Managers and to certain further conditions. It is expected that delivery of the Depository Receipts evidencing the Depository Shares will be made at the offices of Lehman Brothers Inc. in New York, New York on or about January , 1994.

LEHMAN BROTHERS
 KIDDER, PEABODY INTERNATIONAL LIMITED
 MERRILL LYNCH INTERNATIONAL LIMITED
 S.G. WARBURG SECURITIES

January __, 1994

TEXT FOR RED.HERRING LEGEND:

INFORMATION CONTAINED IN THIS PRELIMINARY PROSPECTUS IS SUBJECT TO COMPLETION PURSUANT TO RULE 424 UNDER THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN DECLARED EFFECTIVE BY THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933. A FINAL PROSPECTUS AND ACCOMPANYING PROSPECTUS WILL BE DELIVERED TO PURCHASERS OF THESE SECURITIES. THIS PRELIMINARY PROSPECTUS AND THE ACCOMPANYING PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

BACK COVER PAGE FOR INTERNATIONAL PROSPECTUS

No dealer, salesperson or other person has been authorized to give any information or to make any representations in connection with this offering not contained or incorporated by reference in this Prospectus Supplement or the Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any of the International Managers. This Prospectus Supplement and the Prospectus do not constitute any offer of any security other than those to which this Prospectus Supplement relates or an offer to sell or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus Supplement or the Prospectus or any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained herein or therein is correct as of any time subsequent to the respective dates hereof or thereof or that there has been no change in the affairs of the Company since their respective dates.

TABLE OF CONTENTS
Prospectus Supplement

	Page

Prospectus Summary.....	S-3
Special Considerations with Respect to the Offering.....	S-10
The Company.....	S-11
Use of Proceeds.....	S-16
Capitalization.....	S-17
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	S-18
Description of Gold-Denominated Preferred Stock.....	S-24
Description of Depositary Shares.....	S-28
Certain Federal Income Tax Consequences	S-30
Legal Matters.....	S-33
Underwriting.....	S-33
Experts.....	S-37

Prospectus

Available Information.....	2
Incorporation of Documents by Reference	2
The Company.....	3
Use of Proceeds.....	4
Special Considerations.....	4
Ratio of Earnings to Fixed Charges.....	6
Relationship of the Company Group with the FTX Group.....	6
Description of Debt Securities.....	8
Description of Preferred Stock.....	15
Description of Special Stock and Class B Common Stock.....	19
Description of Depositary Shares.....	21
Description of Warrants.....	23
Limitations on Issuance of Bearer Debt Securities and Bearer Debt Warrants..	24
Plan of Distribution.....	25
Legal Matters.....	26
Experts.....	26

3,750,000

Depositary Shares, Series II

FREEPORT-MCMORAN

[LOGO]

COPPER & GOLD

Each Representing
0.05 Shares of
Gold-Denominated
Preferred Stock, Series II

PROSPECTUS SUPPLEMENT
January __, 1994

LEHMAN BROTHERS
KIDDER, PEABODY INTERNATIONAL
LIMITED
MERRILL LYNCH INTERNATIONAL LIMITED
S.G. WARBURG SECURITIES

