

SECURITIES AND EXCHANGE COMMISSION

FORM 424B2

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FILER

FREEPORT MCMORAN RESOURCE PARTNERS LIMITED PARTNERSHIP

CIK: **793421** | IRS No.: **721067072** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **424B2** | Act: **33** | File No.: **033-37441** | Film No.: **94505726**
SIC: **2870** Agricultural chemicals

Business Address
*1615 POYDRAS ST
NEW ORLEANS LA 70112
5045824000*

This Prospectus Supplement is filed under Rule 424(b)(2) and relates to Registration Statement No. 33-37441

SUBJECT TO COMPLETION, DATED FEBRUARY 7, 1994

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED DECEMBER 6, 1990

\$150,000,000

(LOGO) FREEPORT-MCMORAN RESOURCE PARTNERS,
Limited Partnership

% Senior Subordinated Notes due 2004

Interest on the Notes is payable on February and August of each year, commencing August , 1994. The Notes are redeemable at the option of the Company, in whole or in part, at any time on or after February , 1999 at the redemption prices set forth herein, plus accrued interest to the date of redemption. The Company is required to offer to repurchase all outstanding Notes at 101% of principal amount plus accrued interest promptly after the occurrence of a Specified Change of Control. The Notes are unsecured obligations of the Company and are subordinated in right of payment to all existing and future Senior Debt of the Company. After giving pro forma effect to the sale of the Notes offered hereby and the anticipated use of proceeds, at December 31, 1993, the Company would have had approximately \$340 million of Senior Debt.

The Notes will be issued only in registered form in denominations of \$1,000 and integral multiples thereof.

See "Investment Considerations" for a discussion of certain factors that should be considered in connection with an investment in the Notes. Neither the General Partners of the Company nor the limited partners thereof will have any obligation under, or be liable in respect of, the Notes.

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

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.

	Initial Public Offering Price(1)	Underwriting Discount(2)	Proceeds to Company(1)(3)
Per Note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest, if any, from February , 1994.

(2) The Company has agreed to indemnify Goldman, Sachs & Co. against certain liabilities, including liabilities under the Securities Act of 1933.

(3) Before deducting estimated expenses of \$_____ payable by the Company.

The Notes are offered by Goldman, Sachs & Co., as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that the Notes will be ready for delivery in New York, New York, on or about February , 1994.

Goldman, Sachs & Co.

The date of this Prospectus Supplement is February , 1994.

Information contained in this preliminary prospectus supplement is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time a final prospectus supplement is delivered. This prospectus supplement 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial data appearing elsewhere in this Prospectus Supplement and in the Prospectus, including information incorporated therein by reference. This Prospectus Supplement should be read in conjunction with the accompanying Prospectus dated December 6, 1990. Capitalized terms used and not otherwise defined herein have the meanings set forth in the Prospectus. See "Investment Considerations" for a discussion of certain factors that should be considered in connection with an investment in the Notes.

The Company

Freeport-McMoRan Resource Partners, Limited Partnership ("FRP" or the "Company"), through its joint venture interest in IMC-Agrico Company ("IMC-Agrico"), participates in one of the largest and lowest cost phosphate fertilizer producers in the world. IMC-Agrico's business includes the mining and sale of phosphate rock, the production, distribution and sale of phosphate fertilizers and the extraction of uranium oxide from phosphoric acid. The Company believes that the formation of the IMC-Agrico joint venture in July 1993, and the resultant integration of FRP's phosphate fertilizer business with that of IMC Fertilizer, Inc. ("IMC"), will result in combined savings to FRP and IMC of at least \$95 million per year by the middle of 1995. In addition, the Company believes that the location of several of the IMC-Agrico manufacturing and storage facilities on the Mississippi River gives IMC-Agrico a competitive advantage over other fertilizer producers in transporting fertilizers to the U.S. farmbelt.

FRP's "Current Interest" in IMC-Agrico, reflecting cash to be distributed from ongoing operations, is initially 58.6% and its "Capital Interest," reflecting the purchase or sale of long-term assets or any required contributions to IMC-Agrico, is initially 46.5%. These ownership percentages decline in annual increments to 40.6% for the fiscal year ending June 30, 1998 and remain constant thereafter. IMC-Agrico is governed by a policy committee having equal representation from the Company and IMC, and its day to day operations are managed by IMC.

Through FRP's joint venture interest in Main Pass 299 in the Gulf of Mexico offshore Louisiana ("Main Pass"), which contains the largest known sulphur deposit in North America, FRP is able to supply the IMC-Agrico phosphate fertilizer business with sulphur, an important ingredient in the production process. The Main Pass mine is owned by a joint venture partnership in which FRP has a 58.3% interest and serves as manager and operator. Through such sulphur supply and the supply of phosphate rock mined by IMC-Agrico, FRP is able to reduce its exposure to changes in the cost and availability of such raw materials. As of December 31, 1993, Main Pass contained proved and probable sulphur reserves totalling 66.2 million long tons (38.6 million long tons net to FRP). By the end of 1993, Main Pass achieved full design operating rates of 5,500 long tons per day (approximately 2.0 million long tons per year, or approximately 1.2 million long tons net to FRP) and has since sustained sulphur production at or above that level.

Main Pass also contains proved recoverable oil reserves from which FRP produces and sells oil for the Main Pass joint venture. As of December 31, 1993, such reserves totalled 20.8 million barrels (10.0 million barrels net to FRP). The Company's share of oil production was approximately 3.4 million barrels for 1993. Production in 1994 is expected to approximate that of 1993, with the anticipated drilling of additional wells expected to offset a production decline in existing wells in 1994. Production is expected to decline thereafter.

World phosphate fertilizer prices declined to a nearly 20-year low during mid-1993, due to a number of factors, including a significant decline in import demand by China, a sharp increase in U.S. producer held stocks of finished phosphate fertilizers to record levels, intense competition in offshore markets traditionally served by U.S. producers, particularly monoammonium phosphate ("MAP") from the former Soviet Union, unsettled import policies in other key overseas markets such as India and continued lower demand in Europe. As a result, FRP's results in 1992 and 1993 have been adversely affected. The Company believes that the price outlook for phosphate fertilizers has improved substantially based in part on a return by China to the marketplace at more traditional volume levels, a significant reduction in the stocks of finished phosphate materials held by producers (in spite of a moderate improvement in operating rates) and an improved domestic demand outlook for this coming spring season due to last year's poor harvest caused by the widespread flooding in the Midwest. Spot prices for diammonium phosphate ("DAP"), which is FRP's most important fertilizer product, increased from a low of nearly \$100 per short ton (f.o.b. central Florida) in July 1993 to approximately \$140 per short ton (f.o.b. central Florida) by year end. However, there can be no assurances that prices will remain at or increase from current levels. See "Investment Considerations -- Markets for the Company's Products".

Over the past three years, the Company's share of Main Pass development expenditures totalled \$447.3 million. The complex, which is one of the largest structures of its type in the world and the largest in the Gulf of Mexico, was completed on schedule in 1992 and achieved full design operating rates as planned in late 1993. The Company has also spent approximately \$181.7 million in other capital improvements during the three-year period. The Company has no new major capital expenditure programs planned, and it expects capital expenditures over the next several years to be reduced to approximately \$25-35 million per year.

The Managing General Partners and the Special General Partners of FRP are Freeport-McMoRan Inc. ("FTX") and FMRP Inc., a wholly owned subsidiary of FTX. FTX and FMRP Inc., as of December 31, 1993, held partnership units representing an approximate 51.3% interest in FRP, with the remaining interest being publicly owned and traded on the New York Stock Exchange. The public unitholders are entitled, through the cash distribution for the fourth quarter of 1996, to receive minimum quarterly distributions prior to any distribution on the partnership units held by FTX and FMRP Inc. Prior to the completion of Main Pass, FRP pursued a policy of funding the cash distribution to unitholders from asset sales and borrowings under its credit facility, in addition to distributable cash from operations. However, with the completion of the Main Pass development, FRP no longer intends to supplement distributable cash with borrowings.

The Offering

Securities Offered.....	\$150,000,000 principal amount of % Senior Subordinated Notes due 2004 (the "Notes").
Maturity Date.....	February , 2004.
Interest Payment Dates.....	February and August , commencing August , 1994.
Optional Redemption.....	The Notes are redeemable any time on or after February , 1999, in whole or in part, at the option of the Company, at the redemption prices set forth herein, plus accrued interest to the date of redemption.
Mandatory Sinking Fund.....	None.
Ranking.....	The Notes will be general unsecured obligations of the Company and the payment of principal of (and premium, if any) and interest on the Notes will be subordinate to the prior payment in full of all Senior Debt. The Notes will rank pari passu with, or senior to, all other Debt of the Company that does not constitute Senior Debt. In addition, the Notes will be effectively subordinated to all indebtedness and other liabilities of IMC-Agrico and any of the Company's future subsidiaries. The Subordinated Indenture, as supplemented, does not limit the amount of Debt, including Senior Debt, which the Company or its subsidiaries may incur or contain

restrictions on the Company's ability to make distributions to its partners. After giving pro forma effect to the sale of the Notes offered hereby and the anticipated use of proceeds (as described under "Use of Proceeds"), at December 31, 1993, the Company would have had approximately \$340 million of Senior Debt.

Certain Covenants..... The Subordinated Indenture, as supplemented, will contain certain covenants limiting liens securing subordinated and pari passu debt, transactions with Affiliates and the disposition of proceeds of certain asset sales. See "Description of the Notes--Covenants."

Specified Change of Control.. Within 60 days of a Specified Change of Control, the Company is required to commence an Offer to Purchase all the outstanding Notes at a purchase price equal to 101% of their aggregate principal amount plus accrued interest to the date of purchase. "Specified Change of Control" is defined to mean generally when (i) any Person or Group (other than FTX or any Person controlled, directly or indirectly, by FTX) acquires more than 50% of the total voting power of the Administrative Managing General Partner of the Company and (ii) a Rating Decline occurs within 60 days thereafter. See "Description of the Notes--Covenants".

Use of Proceeds..... The Company intends to use the net proceeds from the sale of the Notes to repay indebtedness incurred under its Credit Agreement (as defined) and intercompany indebtedness and for other general partnership purposes.

Investment Considerations.... For further information on certain factors that should be considered by potential investors in the Notes, see "Investment Considerations".

SELECTED FINANCIAL, OPERATING AND RESERVE DATA

The following table sets forth summary financial, operating and reserve data for the Company. The financial data as of and for each of the four years ended December 31, 1992 were derived from the Company's previously published audited financial statements. The 1993 data reflect the Company's unaudited results included in the Company's Current Report on Form 8-K dated February 7, 1994, which is incorporated by reference herein. The table should be read in conjunction with the Company's financial statements and related notes for the applicable period.

<TABLE>
<CAPTION>

	Years Ended December 31,				
	1989	1990	1991	1992	1993 (a)
----- (in thousands, except per unit amounts)					
FINANCIAL					
Income statement data:					
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$1,156,281	\$ 850,651	\$ 885,209	\$877,058	\$ 669,160
Operating income (loss).....	131,583	227,383 (b)	67,196	20,743	(221,636) (c)
Net income (loss).....	133,583	243,647 (b)	15,046 (d)	20,211	(246,111) (c,e)
Net income (loss) per unit....	1.65	2.95 (b)	.18 (d)	.20	(2.37) (c,e)
Earnings by sources: (f)					
Agricultural minerals.....	123,153	64,905	78,926	17,993	(31,447)
Oil.....	--	--	(613)	4,644	(1,434)
Other.....	41,214	23,717	18,452	--	--
Distributions per publicly held unit.....	3.03	2.40	2.40	2.40	2.40
Ratio of earnings to fixed charges: (g).....	4.8x	16.5x	4.4x	1.0x	(h)
Balance sheet data (at end of period):					

Property, plant and equipment, net.....	860,455	683,303	1,009,517	1,074,332	970,960
Total assets.....	1,212,883	1,119,322	1,443,114	1,493,507	1,296,873
Long-term debt.....	327,070	120,817	542,766	356,563	488,102
Partners' capital.....	658,523	722,815	560,160	859,695	492,404
Cash flow data:					
Depreciation and amortization.....	90,360	73,231	59,502	119,259	97,086
Capital expenditures.....	58,439	231,371	372,172	204,717	52,170
Cash interest paid.....	32,217	13,132	22,015	19,818	22,997
Cash distributions paid.....	236,998	207,009	200,870	151,210	121,180
EBIDA(i).....	221,943	300,614	126,698	140,002	(124,550)
EBIDA, adjusted for asset sales and restructuring(j).....	221,943	138,131	126,698	140,002	51,970
OPERATING					
Sales:					
Phosphate fertilizers (short tons)					
Diammonium phosphate.....	2,563,000	2,568,000	2,841,000	2,760,000	2,303,200
Monoammonium phosphate					
Granular.....	359,000	438,000	476,000	509,000	423,300
Powdered.....	--	--	--	--	55,400
Granular triple superphosphate.....					
	680,000	717,000	710,000	715,000	564,700
Phosphate rock (short tons)...	1,571,900	1,455,400	2,247,000	3,440,500	3,840,300
Sulphur (long tons)(k).....	2,557,400	2,491,000	2,528,200	2,346,100	1,973,200
Oil and condensate (barrels)..	--	--	350,800	4,884,000	3,443,000
RESERVES (at end of period)					
Sulphur (long tons).....	45,265	44,125	42,780	41,570	38,637
Phosphate rock					
(short tons)(l).....	100,408	205,752	206,183	208,655	215,156
Oil (barrels).....	--	18,785	18,496	13,861	9,962

- a. Beginning July 1, 1993, reflects FRP's 46.5% share of the assets and operations of IMC-Agrico during the year ending June 30, 1994. FRP is entitled to 58.6% of the cash flow generated by IMC-Agrico during such period. Such percentages will decline over time. See "Business of the Company--Agricultural Minerals."
- b. Includes a \$162.5 million gain (\$1.97 per unit) from the sale and restructuring of assets.
- c. Includes charges totaling \$176.5 million (\$1.70 per unit) related to restructuring the administrative organization at FTX and reductions in the book carrying value of certain assets to estimated recoverable amounts, net of a gain on the sale of certain previously mined phosphate rock acreage.
- d. Includes a \$17.7 million (\$.21 per unit) insurance settlement gain from hull damage sustained by one of FRP's sulphur tankers and a \$96.8 million charge (\$1.16 per unit) for the cumulative effect of the change in accounting for postretirement benefits other than pensions.
- e. Includes a \$20.5 million charge (\$.19 per unit) for the cumulative effect of the change in accounting for periodic scheduled maintenance costs.
- f. Excludes the items discussed in Notes b through e.
- g. For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations (including the restructuring and valuation charges and the insurance gain discussed in Notes b, c, and d) before fixed charges. Fixed charges consist of interest and that portion of rent deemed representative of interest.
- h. Earnings were inadequate to cover fixed charges by \$236.7 million, reflecting net charges totalling \$176.5 million primarily related to the restructuring and valuation charges discussed in Note c.
- i. Earnings before interest and depreciation and amortization ("EBIDA") consists of operating income plus depreciation and amortization. EBIDA should not be considered by an investor as an alternative to net income as an indicator of FRP's operating performance or to the information included in the Company's statements of cash flow and accompanying Management's Discussion and Analysis as a measure of liquidity. Includes the restructuring and valuation charges/gains discussed in Notes b and c.
- j. EBIDA before gains on asset sales (Note b) and provision for restructuring and valuation of assets (Note c). This should not be considered by an investor as an alternative to net income as an indicator of FRP's operating performance or to the information included in the Company's statements of cash flow and accompanying Management's Discussion and Analysis as a measure of liquidity.
- k. Includes 1,539,000 tons, 1,564,000 tons, 1,612,400 tons, 1,654,300 tons and 1,138,800 tons for 1989-1993, respectively, which represent internal

consumption and Main Pass start-up sales that are not included in sales for accounting purposes.

1. For 1993 represents FRP's share, based on its current Capital Interest ownership, of the IMC-Agrico reserves.

</TABLE>

INVESTMENT CONSIDERATIONS

Markets for the Company's Products

All of the Company's major products are commodities, and the markets for such products can be volatile. World phosphate fertilizer demand has fallen an estimated 21% since 1988, with world phosphate fertilizer prices declining to a nearly 20-year low during mid-1993. Approximately 60% of annual sulphur demand arises from the production of phosphate fertilizers, and sulphur demand has experienced a similar decline over the past five years. In addition, the world phosphate industry has been extremely depressed due to political and economic difficulties in the principal consuming regions. Oil prices have historically exhibited and can be expected to continue to exhibit volatility as a result of such factors as political uncertainty in the Middle East and changes in worldwide weather and economic conditions. Volatility in the markets for the Company's products can adversely affect the Company's results of operations and its ability to make required payments on its indebtedness, including the Notes, when due. However, spot prices for diammonium phosphate ("DAP"), which is FRP's most important fertilizer product, increased from a low of approximately \$100 per short ton (f.o.b. central Florida) in July 1993 to approximately \$140 per short ton (f.o.b. central Florida) by year end.

A substantial portion of the Company's total revenues is derived from sales in markets outside the United States. In conducting business abroad, the Company is subject to the customary risks of competition-related actions by foreign governments or instrumentalities, including the imposition of export duties, import controls, government subsidies and quotas. There can be no assurance that any such actions by foreign governments or instrumentalities will not adversely affect future sales and earnings. See "Business of the Company--Agricultural Minerals--Marketing" and "Business of the Company--Oil--Marketing".

Indebtedness Considerations

As shown on the table under "Capitalization", as of December 31, 1993 the Company's long-term debt (including the current portion thereof), as adjusted to give effect to the issuance of the Notes offered hereby and the anticipated use of proceeds, was approximately \$340 million, and its partners' capital was \$492.4 million. This level of indebtedness may have certain consequences to holders of the Notes, including the risk that the Company could have limited financial capacity to respond to changes in economic circumstances, market conditions, capital needs and other factors. In 1993, earnings were insufficient to cover fixed charges by \$236.7 million, reflecting net charges totalling \$176.5 million primarily related to restructuring and valuation charges. The Subordinated Indenture, as supplemented, contains no restrictions on the Company's ability to incur Debt, including Senior Debt, or to make distributions to its partners.

The Company's Credit Agreement contains financial and other covenants restricting the Company's ability to engage in certain transactions. The Company believes that it will be able to make all required payments on its indebtedness when due; however, there can be no assurance that the Company's leverage and such restrictions will not in the future adversely affect the Company's ability to finance its future operations or capital needs or to engage in certain other business activities.

Subordination

The Notes will be subordinated in right of payment to the prior payment in full of all Senior Debt of the Company. See "Description of the Notes--Subordination". At December 31, 1993, after giving effect to the sale of the Notes offered hereby and the anticipated use of proceeds, the Notes would have been subordinated to approximately \$340 million of Senior Debt. By reason of such subordination, in the event of insolvency, liquidation, reorganization, dissolution or other winding-up of the Company, or in the event that the Notes are accelerated, holders of Senior Debt must be paid in full before the holders of the Notes may be paid by the Company. In addition, the Notes will be effectively subordinated to all indebtedness and other liabilities of IMC-Agrico and any of the Company's future subsidiaries. In addition, no payment may be made with respect to the Notes if certain payment or nonpayment defaults under the Credit Agreement exist and are continuing. The Subordinated Indenture, as supplemented, does not limit the amount of Debt, including Senior Debt, which the Company or its subsidiaries may incur or restrict the Company's ability to make distributions to its partners.

Competition

All of the markets in which the Company operates are highly competitive. In the global fertilizer and phosphate rock mining businesses, the Company faces competition from overseas producers, most of which are state supported. In the United States, the Company competes against several major phosphate fertilizer producers, including large cooperatives. The Company believes, however, that IMC-Agrico's internal production of raw materials and the strategic location of certain of the IMC-Agrico operations provide IMC-Agrico with a competitive advantage over other United States fertilizer producers. See "Business of the Company--General--Competition".

Reserve Estimates

There are environmental, political, technical and other uncertainties inherent in estimating quantities of proved and probable mineral and proved oil reserves, and amounts recovered may vary significantly from the estimates.

Regulatory and Environmental Matters

The Company's operations are subject to federal, state and local laws and regulations relating to the protection of the environment. Federal legislation (sometimes referred to as "Superfund") requires payments for cleanup of certain abandoned waste disposal sites, even though such waste disposal activities may have been performed in compliance with regulations applicable at the time of disposal. Under the Superfund legislation, one party may, under certain circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has responsibility pursuant to the legislation, if payments cannot be obtained from other responsible parties. Other legislation mandates cleanup of certain wastes at unabandoned sites. States also have regulatory programs that can mandate waste cleanup. Liability under these laws involves inherent uncertainties.

FRP has received notices from governmental agencies that it is one of many potentially responsible parties at certain sites under relevant federal and state environmental laws. Further, FRP is aware of additional sites for which it may receive such notices in the future. Some of these sites involve significant cleanup costs; however, at each of these sites other large and viable companies with equal or larger proportionate shares are among the potentially responsible parties. The ultimate settlement for such sites usually occurs several years subsequent to the receipt of notices identifying potentially responsible parties because of the many complex technical and financial issues associated with site cleanup. FRP believes that the aggregation of any costs associated with these potential liabilities will not exceed amounts accrued and expects that any costs would be incurred over a period of years.

FRP maintains insurance coverage in amounts deemed prudent for certain types of damages associated with environmental liabilities which arise from unexpected and unforeseen events and has an indemnification agreement covering certain acquired sites. Continued government and public emphasis on environmental issues can be expected to result in increased future investments for environmental controls, which will be charged against income from future operations. Present and future environmental laws and regulations applicable to the operations of the Company may require substantial capital expenditures or affect operations in other ways that cannot now be accurately predicted. See "Business of the Company--General--Environmental Matters".

Operating Hazards

The production of fertilizers involves the handling of chemicals, some of which have the potential, if released in sufficient quantities, to expose the Company to certain liabilities. The Company's oil operations are subject to all of the risks normally incident to the development and production of sour oil, including blowouts, cratering and fires. The Company's offshore sulphur and oil operations are subject to marine perils, including hurricanes and other adverse weather conditions.

The Company has in place programs to minimize such potential risks. In addition, it has the benefit of certain liability, property damage, business interruption and other insurance coverage in types and amounts that are reasonable and customary in the Company's business. This insurance provides protection against loss from some, but not all, of the risks specific to its businesses.

Structure of the Company

On July 1, 1993, the Company contributed its phosphate fertilizer businesses, including the mining and sale of phosphate rock and the production, distribution and sale of phosphate chemicals, uranium oxide and related products, to IMC-Agrico. The Company's ability to meet its financial obligations, including its obligations under the Notes, therefore depends in part upon the receipt of cash distributions as contemplated by the partnership agreement between the Company and IMC-Agrico. See "Business of the

Company--Agricultural Minerals--Fertilizer Business" for a discussion of the manner in which IMC-Agrico is managed.

Absence of Public Market

There is no existing market for the Notes. The Company intends to apply for listing of the Notes on the New York Stock Exchange, but there can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders to sell their Notes or the price at which the Notes may be sold. If such a market develops, the Notes may trade at a discount from their initial offering price, depending on prevailing interest rates, the Company's operating results and other factors. The market for high yield debt has historically been subject to disruptions that have caused volatility in the prices of securities similar to the Notes, and there can be no assurance that the market for the Notes will not be subject to similar disruptions. Goldman, Sachs & Co. have indicated that they intend to make a market in the Notes, but they are not obligated to do so and may discontinue market making at any time.

THE COMPANY

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most important fertilizer product, increased from a low of nearly \$100 per short ton (f.o.b. central Florida) in July 1993 to approximately \$140 per short ton (f.o.b. central Florida) by year end. However, there can be no assurances that prices will remain at or increase from current levels. See "Investment Considerations -- Markets for the Company's Products".

Over the past three years, the Company's share of Main Pass development expenditures totalled \$447.3 million. The project was completed on schedule in 1992 and achieved full design operating rates as planned in late 1993. The Company has also spent approximately \$181.7 million in other capital improvements during the three-year period. The Company has no new major capital expenditure programs planned, and it expects capital expenditures over the next several years to be reduced to approximately \$25-35 million per year.

The Managing General Partners and the Special General Partners of FRP are Freeport-McMoRan Inc. ("FTX") and FMRP Inc. ("FMRP"), a wholly owned subsidiary of FTX. FTX and FMRP, as of December 31, 1993, held partnership units representing an approximate 51.3% interest in FRP, with the remaining interest being publicly owned and traded on the NYSE. The public unitholders are entitled, through the cash distribution for the fourth quarter of 1996, to receive minimum quarterly distributions prior to any distribution on the partnership units held by FTX and FMRP. Prior to the completion of Main Pass, FRP pursued a policy of funding the cash distribution to unitholders from asset sales and borrowings under its Credit Agreement, in addition to distributable cash from operations. However, with the completion of the Main Pass development, FRP no longer intends to supplement distributable cash with borrowings.

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The term "FTX", as used herein, means Freeport-McMoRan Inc., its divisions, and its direct and indirect subsidiaries and affiliates other than FRP, or any one or more of them, unless the context requires Freeport-McMoRan Inc. only.

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USE OF PROCEEDS

The Company intends to use the net proceeds from the sale of the Notes (estimated to be approximately \$) for its general partnership purposes, including the discharge of certain of the indebtedness incurred under the Credit Agreement (as described under "Arrangements with Affiliates") and intercompany indebtedness, portions of which were used for general partnership purposes, including capital expenditures relating to Main Pass. Indebtedness of the Company under the Credit Agreement (excluding its subsidiaries and affiliates), at a weighted average interest rate of 4.36% per annum, was \$375 million at December 31, 1993.

CAPITALIZATION

The following table sets forth the unaudited capitalization of FRP as of December 31, 1993, and as adjusted to give effect to the Notes offered hereby (assuming the use of the net proceeds for payment of indebtedness under the Credit Agreement):

	December 31, 1993	
	Actual	As Adjusted
	(in thousands)	
Cash and short-term investments	\$ 24,448	\$ 24,448
Short-term debt	\$ 465	\$ 465
Long-term debt:		
Long-term debt, less current portion(a)	387,202	
Long-term debt due to FTX(b)	100,900	100,900
Senior Subordinated Notes	--	150,000
	-----	-----
	488,102	
Partners' capital(c):		
General partners	252,643	252,643
Limited partners	239,761	239,761
	-----	-----
Total partners' capital	492,404	492,404
	-----	-----
Total capitalization	\$980,971	\$
	=====	=====

- a. In June 1993, FTX amended its credit agreement (the "Credit Agreement") in which FRP participates, extending its maturity. For a description of the Credit Agreement, see "Arrangements with Affiliates".
- b. FRP has minimized amounts outstanding under the Credit Agreement by borrowing excess funds from FTX. Interest is charged based on Credit Agreement rates.
- c. On January 21, 1994, FRP declared a distribution of \$.60 per publicly held unit (\$30.3 million) and \$.12 per FTX-owned unit (\$6.2 million), payable February 15, 1994. See "Arrangements with Affiliates."

SELECTED FINANCIAL, OPERATING AND RESERVE DATA

The following table sets forth summary financial, operating and reserve data for the Company. The financial data as of and for each of the four years ended December 31, 1992 were derived from the Company's previously published audited financial statements. The 1993 data reflect the Company's unaudited results included in the Company's Current Report on Form 8-K dated February 7, 1994, which is incorporated by reference herein. The table should be read in conjunction with the Company's financial statements and related notes for the applicable period.

<TABLE>
<CAPTION>

	Years Ended December 31,				
	1989	1990	1991	1992	1993 (a)
	(in thousands, except per unit amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
FINANCIAL					
Income statement data:					
Revenues	\$1,156,281	\$ 850,651	\$ 885,209	\$ 877,058	\$ 669,160
Operating income (loss)	131,583	227,383 (b)	67,196	20,743	(221,636) (c)
Net income (loss)	133,583	243,647 (b)	15,046 (d)	20,211	(246,111) (c,e)
Net income (loss) per unit	1.65	2.95 (b)	.18 (d)	.20	(2.37) (c,e)
Earnings by sources:(f)					
Agricultural minerals	123,153	64,905	78,926	17,993	(31,447)
Oil	--	--	(613)	4,644	(1,434)
Other	41,214	23,717	18,452	--	--
Distributions per publicly held unit	3.03	2.40	2.40	2.40	2.40
Ratio of earnings to fixed charges:(g)	4.8x	16.5x	4.4x	1.0x	(h)
Balance sheet data (at end of period):					
Property, plant and equipment, net	860,455	683,303	1,009,517	1,074,332	970,960
Total assets	1,212,883	1,119,322	1,443,114	1,493,507	1,296,873
Long-term debt	327,070	120,817	542,766	356,563	488,102
Partners' capital	658,523	722,815	560,160	859,695	492,404
Cash flow data:					
Depreciation and amortization	90,360	73,231	59,502	119,259	97,086
Capital expenditures	58,439	231,371	372,172	204,717	52,170
Cash interest paid	32,217	13,132	22,015	19,818	22,997
Cash distributions paid	236,998	207,009	200,870	151,210	121,180
EBIDA(i)	221,943	300,614	126,698	140,002	(124,550)
EBIDA, adjusted for asset sales					
and restructuring(j)	221,943	138,131	126,698	140,002	51,970
OPERATING					
Sales:					
Phosphate fertilizers (short tons)					
Diammonium phosphate	2,563,000	2,568,000	2,841,000	2,760,000	2,303,200
Monoammonium phosphate					
Granular	359,000	438,000	476,000	509,000	423,300
Powdered	--	--	--	--	55,400
Granular triple superphosphate	680,000	717,000	710,000	715,000	564,700
Phosphate rock (short tons)	1,571,900	1,455,400	2,247,000	3,440,500	3,840,300
Sulphur (long tons) (k)	2,557,400	2,491,000	2,528,200	2,346,100	1,973,200
Oil and condensate (barrels)	--	--	350,800	4,884,000	3,443,000
RESERVES (at end of period)					
Sulphur (long tons)	45,265	44,125	42,780	41,570	38,637
Phosphate rock (short tons) (l)	100,408	205,752	206,183	208,655	215,156
Oil (barrels)	--	18,785	18,496	13,861	9,962

</TABLE>

- a. Beginning July 1, 1993, reflects FRP's 46.5% share of the assets and operations of IMC-Agrico during the year ending June 30, 1994. FRP is entitled to 58.6% of the cash flow generated by IMC-Agrico during such period. Such percentages will decline over time. See "Business of the Company--Agricultural Minerals."
- b. Includes a \$162.5 million gain (\$1.97 per unit) from the sale and restructuring of assets.

- c. Includes charges totaling \$176.5 million (\$1.70 per unit) related to restructuring the administrative organization at FTX and reductions in the book carrying value of certain assets to estimated recoverable amounts, net of a gain on the sale of certain previously mined phosphate rock acreage.
- d. Includes a \$17.7 million (\$.21 per unit) insurance settlement gain from hull damage sustained by one of FRP's sulphur tankers and a \$96.8 million charge (\$1.16 per unit) for the cumulative effect of the change in accounting for postretirement benefits other than pensions.
- e. Includes a \$20.5 million charge (\$.19 per unit) for the cumulative effect of the change in accounting for periodic scheduled maintenance costs.
- f. Excludes the items discussed in Notes b through e.
- g. For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations (including the restructuring and valuation charges and the insurance gain discussed in Notes b, c, and d) before fixed charges. Fixed charges consist of interest and that portion of rent deemed representative of interest.
- h. Earnings were inadequate to cover fixed charges by \$236.7 million, reflecting net charges totalling \$176.5 million primarily related to the restructuring and valuation charges discussed in Note c.
- i. Earnings before interest and depreciation and amortization ("EBIDA") consists of operating income plus depreciation and amortization. EBIDA should not be considered by an investor as an alternative to net income as an indicator of FRP's operating performance or to the information included in the Company's statements of cash flow and accompanying Management's Discussion and Analysis as a measure of liquidity. Includes the restructuring and valuation charges/gains discussed in Notes b and c.
- j. EBIDA before gains on asset sales (Note b) and provision for restructuring and valuation of assets (Note c). This should not be considered by an investor as an alternative to net income as an indicator of FRP's operating performance or to the information included in the Company's statements of cash flow and accompanying Management's Discussion and Analysis as a measure of liquidity.
- k. Includes 1,539,000 tons, 1,564,000 tons, 1,612,400 tons, 1,654,300 tons and 1,138,800 tons for 1989-1993, respectively, which represent internal consumption and Main Pass start-up sales that are not included in sales for accounting purposes.
- l. For 1993 represents FRP's share, based on its current Capital Interest ownership, of the IMC-Agrico reserves.

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

IMC-Agrico

FRP and IMC formed IMC-Agrico, effective July 1, 1993, for their respective phosphate fertilizer businesses, including phosphate rock and uranium. IMC-Agrico is governed by a policy committee having equal representation from each company and is managed by IMC. As a result of the formation of IMC-Agrico, the Company expects that it and IMC together will be able to achieve by the middle of 1995 at least \$95 million per year of savings in aggregate production costs and selling, administrative and general expenses. The operating efficiencies achievable by the joint venture should enable it to generate positive cash flow in a low-price environment such as that experienced in 1993 and to be in a position to earn significant profits if product prices rise to historical levels. As discussed below, significant restructuring charges were recorded in connection with this transaction.

As a result of the joint venture, FRP is engaged in the phosphate rock mining, fertilizer production, and uranium oxide extraction business only through IMC-Agrico. FRP will continue to operate its sulphur and oil businesses. FRP has varying sharing ratios in IMC-Agrico, as discussed in "Business of the Company--Agricultural Minerals", which were based on the projected contributions of FRP and IMC to the cash flow of the joint venture and on an equal sharing of the anticipated savings.

FRP transferred the assets it contributed to IMC-Agrico at their book carrying cost and proportionately consolidates its interest in IMC-Agrico. As a result, FRP's operating results subsequent to the formation of IMC-Agrico vary significantly in certain respects from those previously reported. Phosphate fertilizer realizations and unit production costs are fundamentally changed as the majority of the FRP contributed fertilizer production facilities are located on the Mississippi River, whereas the IMC contributed fertilizer production facilities are located in Florida. Fertilizer produced on the Mississippi River commands a higher sales price in the domestic market

because of its proximity to markets; however, raw material transportation costs at the Florida facilities are lower for phosphate rock, partially offset by increased sulphur transportation costs.

1993 Results of Operations Compared with 1992

FRP incurred a net loss of \$246.1 million (\$2.37 per unit) for 1993 compared with net income of \$20.2 million (\$.20 per unit) for 1992. Results for 1993 were adversely impacted by administrative restructuring and asset recoverability/sales charges totaling \$176.5 million (\$1.70 per unit), and a \$20.5 million (\$.19 per unit) charge to reflect the cumulative effect of the change in accounting for periodic scheduled maintenance costs. Excluding these items, 1993 earnings were lower reflecting significant decreases in phosphate fertilizer, phosphate rock, sulphur, and oil revenues, primarily due to reduced sales volumes and average market prices for these products (see operating statistics in "Selected Financial, Operating and Reserve Data"). Depreciation and amortization expense declined primarily because of reduced sales volumes. The reduction in general and administrative expenses reflects the benefits from the 1993 restructuring activities. Interest expense increased, as no interest was capitalized subsequent to the Main Pass sulphur operations becoming operational for accounting purposes in July 1993.

Agricultural Minerals Operations

FRP's agricultural minerals segment, which includes its fertilizer, phosphate rock, and sulphur businesses, reported a loss of \$31.4 million on revenues of \$619.3 million for 1993 compared with earnings of \$18 million on revenues of \$799 million for 1992. Significant items impacting the segment earnings are as follows (in millions):

Agricultural minerals earnings - 1992 . . .	\$ 18.0
Major increases (decreases)	
Sales volumes	(67.4)
Realizations	(103.2)
Other	(9.1)

Revenue variance	(179.7)
Cost of sales	98.9
General and administrative and other . . .	31.4

	(49.4)

Agricultural minerals earnings - 1993 . . .	\$ (31.4)
	=====

Weak industrywide demand and changes attributable to FRP's participation in IMC-Agrico resulted in FRP's 1993 reported sales volumes for DAP, its principal fertilizer product, declining 17% from that of a year-ago. The weakness in the phosphate fertilizer market prompted IMC-Agrico to make strategic curtailments in its phosphate fertilizer production. However, late in the year increased export purchases contributed to a rise in market prices, helping to rekindle domestic buying interests which had been unwilling to make purchase commitments. The increased demand, coupled with low industrywide production levels, caused reduced inventory levels. Late in 1993, IMC-Agrico increased its production levels in response to the improving markets and projected domestic and international demand for its fertilizer products. Unit production cost declined from 1992 reflecting initial production efficiencies from the joint venture, reduced raw material costs for sulphur and lower phosphate rock mining expenses, partially offset by increased natural gas costs and lower production volumes. FRP's realization for DAP was lower, reflecting the near 20-year low prices realized during 1993 as well as an increase in the lower-priced Florida sales by IMC-Agrico.

The Company believes that the outlook for 1994 is for improved prices caused by more normal market demand. Spot market prices improved from a low of approximately \$100 per short ton of DAP f.o.b. central Florida in July 1993 to approximately \$140 per ton by year end. Industry inventories at year end were below average levels, despite a fourth quarter rebound in industry production. Export demand is expected to remain at more normal levels during the first half of 1994, with China, India and Pakistan expected to be active purchasers. Additionally, the Company expects that domestic phosphate fertilizer demand will benefit from increased corn acreage planted due to lower government set-asides and to increased fertilizer application rates necessitated by the widespread flooding that caused a depletion of nutrients in a number of Midwestern states.

FRP's proportionate share of the larger IMC-Agrico phosphate rock operation caused 1993 sales volumes to increase from 1992, with IMC-Agrico operating its most efficient facilities to minimize cost.

Combined sulphur production from the Caminada and Main Pass mines increased compared with 1992; however, sales volumes declined 16%, primarily because of reduced purchases by IMC-Agrico resulting from its curtailed fertilizer production. Due to the significant decline in the market price of

sulphur, FRP recorded a second-quarter 1993 noncash charge to earnings (not included in segment earnings) for the excess of capitalized cost over expected realization of its non-Main Pass sulphur assets, primarily the Caminada sulphur mine. Due to significant improvements in Main Pass sulphur production, FRP ceased the marginally profitable Caminada operations in January 1994. The shutdown of Caminada will have no material impact on FRP's reported earnings. Although reduced global demand has forced production cutbacks worldwide, sulphur prices remain depressed. A rebound in price is not expected until demand improves.

At Main Pass, sulphur production increased significantly during 1993 and achieved, on schedule, full design operating rates of 5,500 tons per day (approximately 2 million tons per year) in December 1993 and has since sustained production at or above that level. As a result of the production increases, Main Pass sulphur became operational for accounting purposes beginning July 1, 1993. Recognizing Main Pass sulphur operations in income and discontinuing associated capitalized interest did not affect cash flow, but adversely affected reported operating results.

Oil Operation

	1992	1993
	----	----
Sales (barrels)	4,884,000	3,443,000
Average realized price (per barrel) . .	\$15.91	\$14.43
Earnings (in millions)	\$4.6	\$(1.4)

Since completion of development drilling in mid-April 1993, oil production for the Main Pass joint venture (in which FRP owns a 58.3% interest) increased significantly, averaging over 20,000 barrels per day for December 1993. Production for 1994 is expected to approximate that of 1993 if water encroachment follows current trends, with the anticipated drilling of additional wells (estimated to cost FRP approximately \$4 million) offsetting a production decline in existing wells. Due to the dramatic decline in oil prices at year-end, FRP recorded a \$60 million charge to earnings (not included in segment earnings) reflecting the excess net book value of its Main Pass oil investment over the estimated future net cash flow to be received. Future price declines, increases in costs, or negative reserve revisions could result in an additional charge to future earnings.

1992 Results of Operations Compared with 1991

FRP reported 1992 net income of \$20.2 million (\$.20 per unit) compared with \$15 million (\$.18 per unit) for 1991, which included an insurance settlement gain of \$17.7 million (\$.21 per unit) and a charge of \$96.8 million (\$.16 per unit) to reflect the cumulative effect of the change in accounting principle for postretirement benefits other than pensions. Excluding the nonrecurring items, income for 1992 was lower primarily because of reduced agricultural minerals and uranium earnings, partially offset by profitable Main Pass oil operations.

Revenues were virtually unchanged from 1991 with increases in oil and phosphate rock revenues partially offsetting a decrease in phosphate fertilizer revenues. Production and delivery costs as a percent of revenues declined due to increased oil production, which has lower production and delivery costs than FRP's other products. Depreciation and amortization expense rose primarily because of higher oil production, and general and administrative expenses increased due to the additional effort and support required by Main Pass. Interest costs of \$19.1 million for 1992 and \$23.3 million for 1991 associated primarily with Main Pass development were capitalized.

Agricultural Minerals Operations

Revenues and earnings for 1992 totaled \$799 million and \$18 million compared with \$880.5 million and \$78.9 million for 1991, respectively, reflecting weak market prices for phosphate fertilizers and sulphur. However, FRP's 1992 average unit production cost for phosphate fertilizers was lower than during 1991. Significant items impacting the segment earnings are as follows (in millions):

Agricultural minerals earnings - 1991	\$ 78.9
Major increases (decreases)	
Sales volumes	27.0
Realizations	(107.8)
Other	(.7)

Revenue variance	(81.5)
Cost of sales	41.9
General and administrative and other	(21.3)

	(60.9)

Agricultural minerals earnings - 1992	\$ 18.0

Phosphate fertilizer sales volumes were slightly lower during 1992, whereas the average realization was 13% lower. Phosphate fertilizer realizations declined steadily throughout 1992 because of curtailed purchases by China, the largest single fertilizer importer, and supply and demand uncertainty in Europe, the former Soviet Union, and India. Also contributing to the decline in prices were lower raw material costs, most notably for sulphur, as producers in the weakening market passed along these cost savings to buyers in an attempt to preserve market share. FRP's phosphate rock and fertilizer facilities operated at or near capacity, with the 1992 phosphate fertilizer unit production cost averaging 7% less than during 1991 due to reduced raw material costs for sulphur and lower phosphate rock mining expenses, despite higher natural gas costs. Unit production cost also benefited during the latter part of 1992 as FRP completed a \$60 million capital program to improve efficiency and lower costs.

Sulphur production and sales volumes for 1992 declined 8% and 24%, respectively, from 1991 as the Garden Island Bay and Grand Isle mines ceased production in 1991. However, production increased at the Caminada mine, which has a significantly lower unit production cost than either Garden Island Bay or Grand Isle had prior to depletion, resulting in an average sulphur unit production cost 7% lower than during 1991. FRP's 1992 sulphur realization reflects the price declines which have occurred since mid-1991, as world sulphur markets were burdened by the collapse of the Soviet Union as well as by a further decline in demand in Western Europe. During 1992, several Canadian sulphur marketers built inventory rather than accept depressed prices; however, others intensified their efforts to sell into the important Tampa, Florida market.

Phosphate rock production and sales benefited from the capacity expansion completed in mid-1992 at one of FRP's two operated phosphate rock mines, and also reflect the output from FRP's central Florida Pebbledale property, where sales began in July 1991 under a mining agreement with IMC.

Oil Operation

	1991	1992
	----	----
Sales (barrels)	350,800	4,884,000
Average realized price (per barrel) . .	\$13.34	\$15.91
Earnings (in millions)	\$(.6)	\$4.6

Earnings for Main Pass, which initiated oil production in late 1991, benefited from FRP's marketing efforts, which alleviated earlier problems related to its high-sulphur oil, and high average production rates.

Capital Resources and Liquidity

Net cash used in operating activities during 1993 was \$2.9 million compared with \$120.1 million net cash provided during 1992, due primarily to lower income from operations. Net cash provided by investing activities was \$2.5 million compared with \$209.9 million used for 1992, reflecting the reduced level of capital expenditures (following completion of Main Pass development expenditures and the cost efficiency program during 1992) and the proceeds from asset sales. Net cash provided during 1993 by financing activities was \$17.8 million reflecting net borrowings of \$139.0 million partially offset by distributions of \$121.2 million, compared with \$93.1 million for 1992 which had a net reduction of borrowings totaling \$186.2 million and distributions of \$151.2 million funded by \$430.5 million in proceeds from the public sale of FRP units in February 1992. The lower level of distributions in 1993 resulted from unpaid distributions to FTX, discussed below.

Cash flow from operations for 1992 was \$120.1 million compared with \$106.5 million for 1991. Net cash used in investing activities declined to \$209.9 million from \$346.9 million in 1991, due primarily to reduced capital expenditures. Net cash provided by financing activities declined to \$93.1 million in 1992 from \$243.5 million in 1991, with 1991 including net borrowings of \$421.2 million.

Publicly owned FRP units have cumulative rights to receive quarterly distributions of \$.60 per unit through the distribution for the quarter ending December 31, 1996 (the "Preference Period") before any distributions may be made to FTX. FRP has announced that beginning with the distribution for the fourth quarter of 1993 it no longer intends to supplement distributable cash with borrowings. Therefore, FRP's future distributions will be dependent on the distributions received from IMC-Agrico, which will primarily be determined by prices and sales volumes of its commodities and cost reductions achieved by its combined operations, and the future cash flow of FRP's oil and sulphur operations (including reclamation expenditures related to its non-Main Pass sulphur assets). On January 21, 1994, FRP declared a distribution of \$.60 per

publicly held unit (\$30.3 million) and \$.12 per FTX-owned unit (\$6.2 million), payable February 15, 1994, bringing the total unpaid distribution due FTX to \$239.2 million. Unpaid distributions due FTX will be recoverable from future FRP cash available for quarterly distributions. The January 1994 distribution included \$30.9 million received from IMC-Agrico for its fourth-quarter 1993 distribution (including \$9.3 million from working capital reductions) and \$13 million in proceeds from the sale of certain previously mined phosphate rock acreage.

In September 1993, FTX agreed to manage for one year Fertiberia, S.L. ("Fertiberia"), the restructured phosphate and nitrogen fertilizer businesses of Fesa Fertilizantes Espanoles, S.A. ("Fesa"), a wholly owned subsidiary of ERCROS, S.A., a Spanish conglomerate. FTX has assumed no financial obligations during this period. The goal of the management services agreement is to establish Fertiberia as a financially viable concern. If financial viability can be established, FRP has agreed to negotiate the acquisition of a controlling equity interest in Fertiberia.

In June 1993, FTX amended its Credit Agreement in which FRP participates, extending its maturity. As of January 21, 1994, \$405 million was available under the Credit Agreement. To the extent FTX and its other subsidiaries incur additional borrowings, the amount available to FRP under the Credit Agreement will be reduced. FRP believes that its short-term cash requirements will be met from internally generated funds and borrowings under its Credit Agreement.

Environmental

FTX and its affiliates, including FRP, have a history of commitment to environmental responsibility. Since the 1940s, long before public attention focused on the importance of maintaining environmental quality, FTX and its affiliates have conducted preoperational, bioassay, marine ecological, and other environmental surveys to ensure the environmental compatibility of its operations. FTX's Environmental Policy commits FTX and its affiliates' operations to full compliance with local, state, and federal laws and regulations, and prescribes the use of periodic environmental audits of all domestic facilities to evaluate compliance status and communicate that information to management. FTX has access to environmental specialists who have developed and implemented corporatewide environmental programs. FTX's operating units, including FRP, continue to study and implement methods to reduce discharges and emissions.

Federal legislation (sometimes referred to as "Superfund") requires payments for cleanup of certain abandoned waste disposal sites, even though such waste disposal activities were performed in compliance with regulations applicable at the time of disposal. Under the Superfund legislation, one party may, under certain circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has responsibility pursuant to the legislation, if payments cannot be obtained from other responsible parties. Other legislation mandates cleanup of certain wastes at unabandoned sites. States also have regulatory programs that mandate waste cleanup. Liability under these laws involves inherent uncertainties.

FRP has received notices from governmental agencies that it is one of many potentially responsible parties at certain sites under relevant federal and state environmental laws. Further, FRP is aware of additional sites for which it may receive such notices in the future. Some of these sites involve significant cleanup costs; however, at each of these sites other large and viable companies with equal or larger proportionate shares are among the potentially responsible parties. The ultimate settlement for such sites usually occurs several years subsequent to the receipt of notices identifying potentially responsible parties because of the many complex technical and financial issues associated with site cleanup. FRP believes that the aggregation of any costs associated with these potential liabilities will not exceed amounts accrued and expects that any costs would be incurred over a period of years.

FRP, through FTX, maintains insurance coverage in amounts deemed prudent for certain types of damages associated with environmental liabilities which arise from unexpected and unforeseen events and has an indemnification agreement covering certain acquired sites.

FRP has made, and will continue to make, expenditures at its operations for protection of the environment. Continued government and public emphasis on environmental issues can be expected to result in increased future investments for environmental controls, which will be charged against income from future operations. Present and future environmental laws and regulations applicable to FRP's operations may require substantial capital expenditures and may affect its operations in other ways that cannot now be accurately predicted.

The results of operations reported and summarized above are not necessarily

indicative of future operating results.

BUSINESS OF THE COMPANY

FRP, through its joint venture interest in IMC-Agrico, participates in one of the largest and lowest cost phosphate fertilizer producers in the world. FRP's business consists of the production, distribution and sale of phosphate fertilizers, the mining and sale of phosphate rock and the extraction of uranium oxide from phosphoric acid through its interest in IMC-Agrico; the exploration for and mining, transportation and sale of sulphur; and the development and production of oil reserves at Main Pass.

AGRICULTURAL MINERALS

FRP's agricultural minerals segment consists of FRP's interest in the IMC-Agrico fertilizer business and FRP's sulphur business.

Fertilizer Business

Phosphate rock, sulphur and ammonia are the three principal raw materials used in the production of phosphate fertilizers. Phosphate rock is supplied by IMC-Agrico's Florida mines. FRP and IMC both have interests in a joint venture which began mining sulphur reserves at Main Pass in April 1992. FRP continues to operate the Main Pass joint venture through Freeport Sulphur Company ("FSC"), its sulphur division. FRP and IMC entered into an agreement to supply IMC-Agrico with its sulphur requirements based on market prices. Both FRP and IMC supply their share of the requirements through their shares of Main Pass production and purchases from third parties.

The Company believes that the outlook for 1994 is for improved phosphate fertilizer prices caused by more normal market demand. Spot market prices improved from a low of nearly \$100 per short ton of DAP f.o.b. central Florida in July 1993 to just over \$140 per ton by year end. Industry inventories at year end were below average levels, despite a fourth quarter rebound in industry production. Export demand is expected to remain at more normal levels during the first half of 1994, with China, India and Pakistan expected to be active purchasers. Additionally, the Company expects domestic phosphate fertilizer demand to benefit from increased corn acreage planted due to lower government set-asides and to increased fertilizer application rates necessitated by the widespread flooding that caused a depletion of nutrients in a number of Midwestern states.

IMC-Agrico Company

On July 1, 1993, FRP and IMC contributed their respective phosphate fertilizer businesses, including the mining and sale of phosphate rock and the production, distribution and sale of phosphate chemicals, uranium oxide and related products, to IMC-Agrico. At the time, FRP and IMC were among the largest integrated phosphate fertilizer producers in the world and both were among the lowest cost producers. As a result of the formation of IMC-Agrico, the Company expects that it and IMC together will be able to achieve by the middle of 1995 at least \$95 million per year of savings in aggregate production costs and selling, administrative and general expenses. Under the IMC-Agrico Partnership Agreement, IMC-Agrico will distribute to the Partners Distributable Cash (as defined) quarterly, based on sharing ratios that vary from year to year for the first five fiscal years ending June 30, 1998, and are based on the parties' initial projections of their respective contributions to the cash flow of IMC-Agrico and on an equal sharing of the anticipated synergistic savings.

The ratios upon which Current Interest Cash (as defined), reflecting cash to be distributed from ongoing operations, will be distributed with respect to each fiscal year are as follows:

Fiscal Year Ending June 30	IMC Partner	FRP Partner	Managing Partner
1994	41.3995%	58.5995%	0.001%
1995	44.9995%	54.9995%	0.001%
1996	46.8995%	53.0995%	0.001%
1997	46.4995%	53.4995%	0.001%
1998 and thereafter	59.3995%	40.5995%	0.001%

The ratios upon which Capital Interest Cash (as defined), reflecting the purchase or sale of long-term assets or any required contributions to IMC-Agrico, will be distributed with respect to each fiscal year are as follows:

Fiscal Year Ending June 30	IMC Partner	FRP Partner	Managing Partner
1994	53.4995%	46.4995%	0.001%
1995	54.8995%	45.0995%	0.001%
1996	56.3995%	43.5995%	0.001%

1997	57.7995%	42.1995%	0.001%
1998 and thereafter	59.3995%	40.5995%	0.001%

IMC holds its interest in IMC-Agrico through a special purpose Delaware corporation and FRP holds its interest in IMC-Agrico through a special purpose Delaware limited partnership. The managing partner of IMC-Agrico is a Delaware corporation which is jointly owned by the IMC Partner and the FRP Partner, but as to which the IMC Partner has the right to elect a majority of the directors in the absence of a Material Breach Event (as defined). IMC-Agrico is governed by a policy committee (the "Policy Committee") with equal representation from the IMC Partner and the FRP Partner, which establishes policies relating to the strategic direction of IMC-Agrico and assures that such policies are implemented. The Policy Committee has the sole authority to make certain "Major Decisions" (as defined), including the creation of major indebtedness, major acquisitions and dispositions, and approval of budgets, subject to the authority of the Chief Executive Officers of the FRP Partner and the IMC Partner to resolve disputes.

Phosphate Rock

IMC-Agrico mines phosphate rock in Florida for both internal production of phosphoric acid at plants in Florida and Louisiana and phosphate rock sales to external customers under long-term contracts and in the spot market. The rock is reacted with sulphuric acid, produced in part from sulphur from Main Pass, to provide phosphoric acid which is then further processed at IMC-Agrico's fertilizer plants. IMC-Agrico's annual phosphate rock capacity is approximately 31.5 million tons per year and accounts for approximately 55% of U.S. phosphate rock capacity and 15% of world capacity, based on U.S. Department of the Interior published statistics.

The phosphate rock mines contributed by FRP and IMC to IMC-Agrico produced 22.3 million tons of phosphate rock in the fiscal year ended June 30, 1993 compared to a total production by U.S. phosphate mines of 45.1 million tons of phosphate rock, based on U.S. Department of the Interior published statistics.

IMC-Agrico's phosphate mining operations and production plants are located in Polk, Hillsborough, Hardee and Manatee Counties in central Florida. Production has been at less than full capacity because of reduced demand and actions to control inventory. IMC-Agrico's Kingsford mine was idled in May 1993 due to weak market conditions. In January 1994, IMC-Agrico announced plans to restart Kingsford in February 1994 in order to meet product grade specifications of existing phosphate rock supply contracts. In July 1993, IMC-Agrico had temporarily reduced phosphate rock mining operations at Four Corners, its largest mine, in conjunction with its temporary curtailment of DAP production; however, in January 1994, Four Corners mine increased production in conjunction with the restart of IMC-Agrico's Taft plant in December 1993. See "Phosphate Chemicals" below. In October, 1993, IMC-Agrico reopened its Clear Springs mine and idled its Payne Creek mine for operational reasons. IMC-Agrico's results of operations will not be materially affected by the idling of the Kingsford or Payne Creek phosphate rock mines because the product previously produced at these mines is being produced at other mines. IMC-Agrico also leases, under a long-term contract, two phosphate rock processing plants from Brewster Phosphates. The annual capacity of these two plants is approximately 5 million tons. Until recently, one of the two plants was operated for screening pebble products, while the second plant remains closed indefinitely subject to improved market conditions.

As of December 31, 1993, FRP had proved and probable reserves of approximately 215.2 million tons, plus an additional 196.1 million tons of phosphate rock deposits. Deposits are ore bodies which require additional economic and mining feasibility studies before they can be classified as reserves.

On December 31, 1993 FRP concluded the sale of approximately 3,500 acres of phosphate mining land in Polk County, Florida to Tampa Electric Company, a public utility, for an aggregate purchase price of \$12.5 million, plus interest from the date of the initial agreement. The buyer will assume FRP's reclamation obligations on the land, resulting in substantial savings to FRP. FRP reported a gain of \$10.7 million in 1993 related to this sale. This previously mined land is an example of the conversion of former phosphate mining lands to industrial use. This transaction is not necessarily indicative of values that may be achieved in subsequent transactions.

Phosphate Chemicals

IMC-Agrico manufactures fertilizer and related products, including sulphuric acid, phosphoric acid, granulated phosphates (principally DAP, MAP and granular triple superphosphate ("GTSP")), anhydrous ammonia and urea. IMC-Agrico's fertilizer operations consist of six plants, three in central Florida and three on the Mississippi River in Louisiana.

IMC-Agrico's plants located in Florida consist of New Wales, Nichols and South Pierce. The New Wales plant, located near Mulberry, Florida, has

facilities for the production of sulphuric acid, phosphoric acid, DAP, MAP and GTSP. Currently idled, the Nichols facility, located at Nichols, Florida, has facilities for the production of sulphuric acid, phosphoric acid and DAP. Nichols was idled in May 1993 in response to extremely depressed market conditions. South Pierce, located at Bartow, Florida, has facilities for the production of sulphuric acid, phosphoric acid, GTSP and technical grade DAP and MAP for industrial uses.

IMC-Agrico's Faustina, Uncle Sam and Taft plants are located in Louisiana. The Faustina plant, located at Donaldsonville, Louisiana, has facilities for the production of anhydrous ammonia, urea, sulphuric acid, phosphoric acid, DAP and MAP. The Uncle Sam plant, located at Uncle Sam, Louisiana, has facilities for the production of sulphuric acid and phosphoric acid. The Taft plant, located at Taft, Louisiana, has facilities for the manufacture of DAP and MAP. The Taft plant, idled in July 1993, was restarted in December 1993.

IMC-Agrico's plants have an estimated annual sustainable capacity to produce 530,000 tons of anhydrous ammonia, 260,000 tons of urea, approximately 10.4 million tons of sulphuric acid and approximately 8.2 million tons of granulated phosphates. IMC-Agrico's phosphoric acid capacity is approximately 4.0 million tons of contained P2O5*, approximately 32% of U.S. production capacity and 11% of world capacity. With significant production curtailments in 1993, IMC-Agrico and the assets contributed to IMC-Agrico by the Company and IMC produced approximately 8.5 million tons of sulphuric acid, 3.3 million tons of phosphoric acid, and 6.4 million tons of granulated phosphates.

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* P2O5 is an industry term indicating a product's phosphate content measured chemically in units of phosphorous pentoxide.

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Phosphate rock, sulphur and ammonia are the three principal raw materials used in the production of phosphate chemicals. Phosphate rock is supplied by IMC-Agrico's Florida mines. FRP and IMC both have interests in a joint venture which began mining sulphur reserves at Main Pass in April 1992. FRP continues to operate the Main Pass joint venture through Freeport Sulphur Company ("FSC"), its sulphur division. FRP and IMC entered into an agreement to supply IMC-Agrico with its sulphur requirements. FRP supplies its share of the requirements through FSC. IMC supplies its share of the requirements through its share of Main Pass production and purchases from third parties. IMC-Agrico's ammonia needs are fulfilled primarily by third party domestic suppliers under long-term contracts and by internal production at its Faustina plant.

Marketing

Since July 1, 1993, all fertilizer marketing functions for FRP have been handled by IMC on behalf of IMC-Agrico. IMC-Agrico markets products throughout the eastern two-thirds of the United States in the domestic market and, primarily through the American Phosphate Export Association ("Amphos"), a Webb-Pomerene association, overseas. Phoschem and Phosrock, the primary units of Amphos, market phosphate chemical fertilizers and phosphate rock, respectively, for IMC-Agrico and other U.S. firms.

Since the formation of IMC-Agrico, IMC-Agrico had used approximately 54% of its phosphate rock shipments at its plants in Florida and Louisiana, with most of the balance being sold in the domestic market. Approximately 53% of IMC-Agrico's granulated phosphate fertilizer shipments in 1993 were sold in the domestic market, with the balance sold abroad.

Although phosphate fertilizer sales are fairly constant from month to month, the largest sales periods occur prior to the fall and spring planting of agricultural crops. Historically, domestic sales taper off after the spring planting season but this drop in domestic sales occurs at a time when major international buyers purchase product for mid-year delivery.

World phosphate fertilizer prices declined to a nearly 20-year low during mid-1993, due to a number of factors, including a significant decline in import demand by China, a sharp increase in U.S. producer held stocks of finished phosphate fertilizers to record levels, intense competition in offshore markets traditionally served by U.S. producers, particularly MAP from the former Soviet Union, unsettled import policies in other key overseas markets such as India and continued lower demand in Europe. As a result, FRP's results in 1992 and 1993 have been adversely affected. The Company believes that the price outlook for phosphate fertilizers has improved substantially based in part on a return by China to the marketplace at more traditional volume levels, a significant reduction in the stocks of finished phosphate materials held by producers (in spite of a moderate improvement in operating rates) and an improved domestic demand outlook for this coming spring season due to last year's poor harvest caused by the widespread flooding in the Midwest.

Uranium

The phosphate rock used in the production of phosphoric acid contains small amounts of uranium. At its uranium extraction facilities, IMC-Agrico extracts and processes uranium oxide ("yellowcake") as a by-product of phosphoric acid. Production of yellowcake is dependent on the quantity and uranium content of phosphoric acid produced by its host plants. Yellowcake, after further processing, is used as a fuel by electric utilities. Although IMC-Agrico has the capacity to extract uranium oxide at several phosphoric acid plants, production has been suspended at certain of the plants because of the depressed market price of uranium oxide, and, at present, uranium does not significantly contribute to IMC-Agrico's revenues.

Operating and Environmental Hazards

The production of fertilizers involves the handling of chemicals, some of which have the potential, if released in sufficient quantities, to expose FRP to certain liabilities. However, FRP has a program in place to minimize the potential for such releases. FRP, through FTX, carries insurance for certain of these risks, and management believes that the types and limits of such insurance coverages are adequate and consistent with prudent business practices.

Sulphur Business

FRP, through FSC, is involved in the exploration for and mining, purchase, transportation and sale of sulphur. Most of FRP's sulphur assets are located in the Gulf of Mexico offshore Louisiana.

Production

During 1993, FRP produced sulphur from its Caminada and Main Pass sulphur mines located in federal waters in the Gulf of Mexico. The Caminada and Main Pass mines utilize the Frasch Mining process, which involves the drilling of wells and the injection of superheated water into the underground sulphur deposit to melt the solid sulphur, which is then brought to the surface in liquid form. FRP has been using the Frasch process for over 80 years. FRP has also developed technology which allows it to use sea water in the Frasch process. FRP is not aware of any other company that has developed Frasch sulphur mines using superheated sea water. See "Selected Financial, Operating and Reserve Data" herein.

Main Pass, discovered by FRP in 1988, is the second largest sulphur discovery ever made in North America and the largest existing Frasch sulphur reserve on this continent. The Main Pass offshore complex, more than a mile in length, is one of the largest structures of its type in the world and the largest in the Gulf of Mexico. The Main Pass mine, which began initial production at minimal levels in the second quarter of 1992, is estimated to contain proved recoverable sulphur reserves totaling 66.2 million long tons (38.6 million long tons net to FRP) at December 31, 1993. The mine is owned 58.3% by FRP, 25% by IMC and 16.7% by Homestake Sulphur Company ("Homestake"). The development and production of the Main Pass reserves are being conducted by FTX on behalf of FRP, as operator of the Main Pass joint venture, pursuant to a management services agreement. At Main Pass, sulphur production achieved full design operating rates of 5,500 long tons per day (approximately 2 million long tons per year) on schedule in December 1993 and has since sustained production at or above that level. Main Pass is subject to a 12.5% federal royalty based on net mine revenues.

Because of the significant improvements in Main Pass sulphur production, FRP no longer needs the marginally profitable Caminada operation, and in January 1994 Caminada ceased operations. The shutdown of Caminada had no significant impact on FRP's reported earnings.

The primary fuel source at Main Pass is natural gas. A contract with an initial term of 20 years has been executed for the purchase of natural gas at market based prices.

FRP currently supplements its sulphur production by purchasing from third party sources. A significant quantity of this sulphur is purchased from companies which recover sulphur in the production of oil and natural gas and the refining of petroleum products.

Marketing

The sulphur produced by FRP is transported by barge to its storage, handling and shipping facilities located at Port Sulphur, Louisiana, where recovered sulphur purchased from others or transported for others may also be received. Sulphur is transported from Port Sulphur by barge to IMC-Agrico and customer plants on the Mississippi River and by tanker to FRP's terminal at Tampa, Florida. Similar facilities at Pensacola, Florida, and Galveston, Texas, are used for storage, handling and shipping of sulphur purchased from others or transported for others. FRP also processes and transports for a fee

both IMC's and Homestake's share of Main Pass sulphur and serves as marketing agent for Homestake.

FRP's sulphur is used in the manufacture of sulphuric acid, which, in turn, is used to produce phosphoric acid, the basic material for the production of phosphate fertilizers. The phosphate fertilizer industry, including the IMC-Agrico phosphate facilities, accounts for approximately 92% of FRP's total sulphur sales. A small number of companies consume a large portion of the total sulphur consumed in the United States. Substantially all of the sulphur sold by FRP is supplied under contracts having a term of one to three years. FRP also had foreign sales of 12,800 tons and 13,400 tons of sulphur during 1992 and 1993, respectively. FRP has entered into a long term contract to supply IMC-Agrico with sulphur. See "Selected Financial, Operating and Reserve Data".

Globally, approximately 60% of annual sulphur demand arises from the production of phosphate fertilizers. Many of the same factors which have adversely impacted global fertilizer demand have caused sulphur demand to decline for the past five years. Despite a decline in mined sources of sulphur, global inventories increased in 1993 due to a large increase in vating in western Canada. The Company believes, however, that sales agreements in place with IMC-Agrico and other customers give it significant insulation against a potential market surplus. Sulphur prices at Tampa, the principal market for the Company's sulphur, fell to under \$55 per long ton at the end of 1993 compared to \$140 per long ton in early 1991.

Exploration

Currently, FRP has interests in three other sulphur leases in the Gulf of Mexico which expire in 1998. In 1993, FRP elected not to drill three other offshore leases, which were allowed to expire. In addition, FRP has evaluated the results of its exploration efforts in Egypt located in the North Sinai Desert. This location is estimated to contain 10.1 million long tons of sulphur. FRP does not plan to develop this project in the immediate future but will retain its concession by performing minimal maintenance activities.

OIL

The Main Pass project also contains oil* reserves associated with the same caprock reservoir at Main Pass as the sulphur reserves. The development and production of these Main Pass reserves are being conducted by FTX on behalf of FRP, as operator of the Main Pass joint venture, pursuant to a management services agreement. As of December 31, 1993, FRP estimates that remaining proved recoverable oil reserves at Main Pass are 20.8 million barrels (10.0 million barrels net to FRP). FRP is engaged in oil operations only at Main Pass and does not currently intend to pursue oil operations that are not related to Main Pass.

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* As used in this Prospectus Supplement, "oil" refers to crude oil, condensate and natural gas liquids.
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See "Selected Financial, Operating and Reserve Data" for further information relating to estimates of FRP's net interests in proved oil reserves.

Production and Marketing Conditions

Since completion of development drilling in mid-April 1993, oil production for the Main Pass joint venture has increased significantly and averaged over 20,000 barrels of oil per day ("BOPD") for December 1993. Because of the complexities of producing sour crude in an offshore environment, periodic curtailments of up to 5,500 BOPD may be required to perform maintenance repairs. The Company's share of oil production was approximately 3.4 million barrels for 1993. Production in 1994 is expected to approximate that of 1993, with the anticipated drilling of additional wells expected to offset a production decline in existing wells in 1994. Production is expected to decline thereafter. For information concerning FRP's sales during the year ended December 31, 1993, reference is made to "Selected Financial, Operating and Reserve Data" herein.

Oil prices have historically exhibited and can be expected to continue to exhibit volatility as a result of such factors as political uncertainty in the Middle East, actions of the Organization of Petroleum Exporting Countries and changes in worldwide weather and economic conditions. Main Pass oil contains sulphur and is generally heavier than other Gulf Coast crude oils. As a result, it sells at a discount relative to Gulf Coast crude oils containing less sulphur and to lighter grade crude oils.

Acreeage

FRP's interest in Main Pass, in federal waters offshore Louisiana,

constitutes the only oil property owned by FRP. The property consists of 1,125 gross acres (656 acres net to FRP) and is fully developed within the meaning of governmental reporting requirements.

FRP possesses a leasehold interest in its Main Pass oil property which is maintained by production and will remain in effect until production and drilling and development operations cease. FRP believes that the lease terms are sufficient to allow for reasonable development of the reserves.

Government Regulation

Domestic oil operations are subject to extensive state and federal regulation. Compliance is often burdensome, and failure to comply carries substantial penalties. The heavy and increasing regulatory burden on the oil industry increases the cost of doing business and, consequently, affects profitability.

Federal laws and regulations impose liability upon the lessee under a federal lease for the cost of cleanup of pollution resulting from a lessee's operations, and such lessee could be subject to liability for pollution damages. A serious incident of pollution may also result in a requirement to suspend or cease operations in the particular area. FRP, through FTX, carries insurance against some, but not all, of these risks. For further information with respect to environmental risks and FRP's responses thereto, see "General--Environmental Matters" below.

GENERAL

Competition

The fertilizer and phosphate rock mining industries are highly competitive. In this global business, IMC-Agrico faces stiff competition from overseas producers, most of which are state supported, especially those in North Africa and, most recently, those in the former Soviet Union. In the United States, IMC-Agrico competes against a number of major phosphate fertilizer producers, including large cooperatives. FRP, through IMC-Agrico, is one of the largest and lowest cost producers of phosphate rock and the largest integrated producer of phosphate fertilizers in the world. IMC-Agrico's significant phosphate rock and sulphur reserves and production substantially reduce the sensitivity of its phosphate fertilizer costs to changes in raw material prices. The strategic location of several of its fertilizer operations on the Mississippi River system reduces transportation costs for finished products sold in the Midwest farmbelt. The Company believes that IMC-Agrico's internal production of raw materials and the strategic location of these operations provide IMC-Agrico with a competitive advantage over other United States producers. Nevertheless, world phosphate fertilizer prices declined to a nearly 20-year low during mid-1993, due to a number of factors, including a significant decline in import demand by China, a sharp increase in U.S. producer held stocks of finished phosphate fertilizers to record levels, intense competition in offshore markets traditionally served by U.S. producers, particularly MAP from the former Soviet Union, unsettled import policies in other key overseas markets such as India and continued lower demand in Europe. As a result, FRP's results in 1992 and 1993 have been adversely affected. The Company believes that the price outlook for phosphate fertilizers has improved substantially based in part on a return by China to the marketplace at more traditional volume levels, a significant reduction in the stocks of finished phosphate materials held by producers (in spite of a moderate improvement in operating rates) and an improved domestic demand outlook for this coming spring season due to last year's poor harvest caused by the widespread flooding in the Midwest.

In 1993, three companies operating domestic Frasch sulphur mines accounted for approximately 18% of total domestic consumption of sulphur in all forms. Domestic recovered sulphur, produced by more than 50 companies at more than 130 refineries and gas treatment plants, supplied approximately 55%, while imported sulphur, primarily from Canada and Mexico, accounted for approximately 15% of domestic sulphur consumption. The remaining 12% of domestic sulphur consumption was met in the form of sulphuric acid produced in metals smelting operations and from imported sulphuric acid. FRP's production of sulphur accounts for approximately 12% of domestic and 4% of world elemental sulphur production for the year ended December 31, 1993. With the achievement of full operations at Main Pass at the end of 1993, FRP became the largest Frasch sulphur producer in the world.

A large number of companies and individuals are engaged in the development and production of oil. Many of the companies engaged in the development and production of oil possess financial resources equal to or greater than those of FRP.

Spain

Fertiberia, a Spanish corporation, is the successor through bankruptcy-reorganization proceedings to the reorganized phosphate and nitrogen fertilizer businesses of Fesa, formerly the principal manufacturer of

chemical fertilizers in Spain. On September 28, 1993 Freeport-McMoRan Management Services, S.A. ("FMMS"), an affiliate of FRP, entered into a Management Agreement with Fertiberia pursuant to which FMMS agreed to direct the management of all phases of Fertiberia's fertilizer business for a one-year period in return for reimbursement of FMMS's costs. Also on September 28, 1993 FRP entered into an Investment Agreement with Fesa as owner of Fertiberia whereby if FRP determined, at its sole discretion, during the same one-year period that Fertiberia is financially viable, including being able to generate an adequate return to shareholders, FRP will make an equity investment in Fertiberia and acquire a controlling interest in the company. The terms of the investment will be negotiated by FRP and Fesa. If FRP determines that Fertiberia is not viable it will have no further obligation with respect to the company.

Research and Development

In February 1993, FTX outsourced its corporate engineering, research and development, corporate environmental and corporate safety functions and, to that end, contracted with a new company initially owned and staffed by former employees of FTX, Crescent Technology, Inc. ("Crescent"), that will furnish similar services to FTX. Crescent owns and operates laboratory and pilot plant facilities at Belle Chasse, Louisiana, where mineral analyses, metallurgical work and other research and testing are conducted which contribute to FTX's commercial operations, including those of FRP. Additionally, Crescent maintains engineering and mine development groups in New Orleans, Louisiana, which provide the engineering, design and construction supervision activities required to implement new ventures and apply improvements to existing operations of FRP.

Environmental Matters

FTX and FRP have a history of commitment to environmental responsibility. Since the 1940s, long before the general public recognized the importance of maintaining environmental quality, FTX has conducted preoperational, bioassay, marine ecological and other environmental surveys to ensure the environmental compatibility of its operations. FTX's Environmental Policy commits its operations to full compliance with applicable laws and regulations. FTX has access to a staff of environmental specialists to develop and implement corporatwide environmental programs that include the activities of FRP and to study and implement methods to reduce discharges and emissions.

FRP's operations are subject to federal, state and local laws and regulations relating to the protection of the environment. Exploration, mining, development and production of natural resources, and the chemical processing operations of IMC-Agrico, like similar operations of other companies, may affect the environment. Moreover, such operations may involve the extraction, handling, production, processing, treatment, storage, transportation and disposal of materials and waste products which, under certain conditions, may be toxic or hazardous and expressly regulated under environmental laws. Present and future environmental laws and regulations applicable to the operations of FRP or IMC-Agrico may require substantial capital expenditures or affect their operations in other ways that cannot now be accurately predicted.

FRP has made, and continues to make, expenditures at its operations for protection of the environment. In 1992, at a cost of \$37 million, FRP completed the replacement of two sulphuric acid production units at an existing fertilizer plant, thereby substantially reducing air emissions and increasing plant efficiency. As successor to FRP, IMC-Agrico completed at the end of 1993, at a cost of \$27 million, an innovative drainage and cover plan for phosphogypsum storage areas in Louisiana to substantially reduce substances in wastewater discharged from its fertilizer operations. Future operations of this kind are projected to require additional investments of \$30 million between 1994 and 2004.

Continued government and public emphasis on environmental matters can be expected to result in increased future investments for environmental controls. On analyzing its operations and those of IMC-Agrico in relation to current and anticipated environmental requirements, FRP does not expect that these investments will have a significant impact on its future operations or financial condition.

Legal Proceedings

Although FRP may from time to time be involved in various legal proceedings of a character normally incident to the ordinary course of its businesses, FRP believes that potential liability in any such pending or threatened proceedings would not have a material adverse effect on the financial condition or results of operations of FRP. FRP, through FTX, maintains liability insurance to cover some, but not all, potential liabilities normally incident to the ordinary course of its businesses as well as other insurance coverages customary in its businesses, with such coverage limits as management deems prudent.

The Managing General Partners and the Special General Partners of FRP are FTX and FMRP. The current capitalization of FRP consists of an aggregate 1% basic general partnership interest (the "FRP Basic Interest"), units of limited partnership interest ("FRP Units") of which a portion is deposited with Mellon Bank, N.A., as depository units ("FRP Depository Units"), and additional units of general partnership interest ("FRP Unit Equivalents"). FRP Depository Units are listed and publicly traded on the New York Stock Exchange ("NYSE"). Unless otherwise indicated, FRP Units, FRP Depository Units and FRP Unit Equivalents are sometimes hereinafter referred to, individually and collectively, as "Partnership Units".

Including the FRP Basic Interest, FTX and FMRP, as of December 31, 1993, held Partnership Units representing an approximate 51.3% interest in FRP, with the remaining interest being publicly owned and traded on the NYSE. FRP Depository Units are fully participatory with cumulative rights to receive minimum quarterly distributions of \$.60 per FRP Depository Unit through the distribution to be made with respect to the quarter ending December 31, 1996 before any distributions may be made to FTX. FRP has announced that, beginning with the distribution for the fourth quarter of 1993, it no longer intends to supplement distributable cash with borrowings. Therefore, FRP's future distributions will be dependent on the distributions received from IMC-Agrico, which will primarily be determined by prices and sales volumes of its commodities and cost reductions achieved by its combined operations, and the future cash flow of FRP's oil and sulphur operations (including reclamation expenditures related to its non-Main Pass sulphur assets). On January 21, 1994, FRP declared a distribution of \$.60 per publicly held unit (\$30.3 million) and \$.12 per FTX-owned unit (\$6.2 million), payable February 15, 1994, bringing the total unpaid distribution due FTX to \$239.2 million. Unpaid distributions due FTX will be recoverable from future FRP cash available for quarterly distributions. The January 1994 distribution included \$30.9 million received from IMC-Agrico for its fourth-quarter 1993 distribution (including \$9.3 million from working capital reductions) and \$13 million in proceeds from the sale of certain previously mined phosphate rock acreage.

As provided in the FRP partnership agreement, limited partners may not take part in the management of FRP. FTX, as Administrative Managing General Partner, exercises all management powers over the business and affairs of FRP. FRP does not have directors. Instead, directors and officers of FTX, along with FRP's officers, perform all FRP management functions and carry out the activities of FRP. Such officers of FRP continue to be employees or officers of FTX or its subsidiaries, but, subject to certain exceptions, are employed principally for the operation of FRP's businesses.

In June 1993, FTX amended its Credit Agreement in which FRP participates, extending its maturity. The Credit Agreement is structured as a three year revolving line of credit followed by a 3 1/2 year reducing revolver. The Credit Agreement provides for an \$800 million committed credit facility subject to a borrowing base, redetermined annually by the banks, which establishes maximum consolidated debt for FTX and its subsidiaries, including FRP. As of December 31, 1993, \$547.5 million were available under the current borrowing base and \$412.0 million of borrowings were unused under the Credit Agreement. To the extent FTX and its other subsidiaries incur additional borrowings, the amount available to FRP under the Credit Agreement will be reduced.

FTX guarantees any FRP bank borrowings and is required to retain control of FRP. FRP is not permitted to enter into any agreement restricting its ability to make distributions or create liens and security interests on its assets. Under certain circumstances FTX could be required to pledge its FRP units and FRP could be required to grant a security interest in its assets. The Credit Agreement provides for working capital requirements, specified coverage of fixed charges, and restrictions on other borrowings.

In February 1994, IMC-Agrico expects to enter into a \$75 million Revolving Credit Facility with a group of banks (the "IMC-Agrico Facility"). The IMC-Agrico Facility, which is expected to have a Letter of Credit subfacility for up to \$25 million, will provide for a three-year maturity with IMC-Agrico having the right to request one-year extensions of the revolving period. Borrowings under the IMC-Agrico Facility will be unsecured, with a negative pledge on substantially all of its assets. The IMC-Agrico Facility will have minimum net partners' capital and fixed charge coverage requirements and a current ratio test, and will place limitations on debt. It will also prohibit changes, without bank approval, to the IMC-Agrico Partnership Agreement which relate to distributions.

CONFLICTS OF INTEREST

The Company has a limited number of officers, each of whom is an officer, director or employee of one of the Managing General Partners. Other persons performing management functions or carrying out the activities of the Company are employees of FTX and its affiliates. FTX and its affiliates

currently hold approximately 51.3% of the partnership interests in the Company.

Except in cases where a different standard may have been provided for, FTX and FMRP have the general duty to act in good faith and to manage the Company in a manner that is fair and reasonable to the holders of partnership interests. In addition, the Board of Directors of FTX (a majority of whose members are not affiliated with FTX or FMRP, other than through their positions as FTX directors or stockholders or as public unitholders) or the Audit Committee thereof (composed of members who are not employees of FTX or its affiliates) review annually policies and practices of the Company, FTX and FMRP dealing with financial matters generally and various other matters as to which conflicts of interest may arise.

The General Partners of the Company are accountable to the Company as fiduciaries and, consequently, must exercise good faith and integrity in handling the assets and affairs of the Company in addition to such other obligations as each assumes under the FRP Partnership Agreement (the "Partnership Agreement"). The Partnership Agreement provides that, whenever a conflict of interest arises between FTX, FMRP or their affiliates, on the one hand, and the Company or any limited partner, on the other hand, and whenever the Partnership Agreement provides that FTX and FMRP shall act in a manner that is fair and reasonable to the Company or the limited partners, FTX and FMRP shall, in resolving such conflict or determining such action, consider the relative interests of the parties involved in such conflict or affected by such action, any customary or accepted industry practices, and, if applicable, generally accepted accounting principles or engineering practices or principles. Thus, unlike the strict duty of a fiduciary who must act solely in the best interests of his beneficiary, the Partnership Agreement permits FTX and FMRP to consider the interests of all parties to a conflict of interest, which, under certain circumstances, could include the interests of FTX and FMRP and their affiliates. It is not clear under Delaware law, however, that such provisions would be enforceable.

The Partnership Agreement provides that the General Partners will not be liable to the Company, the public unitholders or assignees for errors of judgment or for any acts or omissions which do not constitute negligence or misconduct. In addition, the Company is required, under the terms of the Partnership Agreement, to indemnify the General Partners and their affiliates, directors, officers, partners and trustees, against liabilities, costs and expenses incurred by the General Partners or such other persons (other than those arising from securities law violations, absent a court-approved settlement or determination of non-liability), if the General Partners or such persons acted in good faith and in a manner they reasonably believed to be in the best interests of the Company and such General Partners' or other persons' conduct did not constitute negligence or misconduct.

The following are among the potential conflicts of interest which could arise as a result of the relationships among FTX, its affiliates and the Company.

(1) FTX and FMRP are not required under the Partnership Agreement to devote their financial, personnel and other resources exclusively for the benefit or on behalf of the Company or to activities in which the Company is participating or will participate, and their personnel do in fact devote some part of their time to assets and businesses other than those of the Company. The Company thus competes with FTX and its affiliates for the time and resources of such employees.

(2) Employees of FTX and its affiliates perform certain staff functions for the Company, including assistance in financial management, tax, management information services, environmental, insurance, legal and accounting matters and research and development and engineering services. The General Partners are reimbursed for their direct and indirect costs in providing these services. Determinations with respect to the allocation between the Company and FTX and its other affiliates of such costs are made solely by FTX and FMRP. FTX will receive no other management fee or similar compensation in connection with its management of the Company, but will receive distributions in respect of its approximate 51.3% interest in the Company.

(3) FTX may elect for it or its affiliates to participate jointly with the Company in acquisitions of properties if it determines that any such transaction would result in excessive exposure to risk for the Company or undue concentration of the Company's assets or would otherwise be imprudent if undertaken by the Company alone. Even if FTX or its affiliates participated in any such acquisition on the same basis as the Company, their participation could deprive public unitholders of the benefits of greater ownership if any such acquisitions proved favorable and possibly could deprive the Company of the opportunity to bring in other investors on better terms if it were decided that the Company should not undertake any such acquisition alone.

(4) The Partnership Agreement provides that FTX or any of its affiliates may, but is not obligated to, contribute capital to the Company in the form of cash or other property in exchange for additional units on the basis of then

current market prices. Such contributions may be made to support the Company's ongoing capital requirements or for other purposes. The issuance of such additional units would have a dilutive effect on the interests in the Company of public unitholders.

(5) The Managing General Partners will be required under many circumstances to exercise discretion in determining the Distributable Cash to be distributed to the public unitholders and the holders of general partnership interests and the amount of any other distributions. The exercise of such discretion may present conflicts of interest. Such conflicts of interest could arise in determining whether to establish cash reserves, whether to defer amounts that would otherwise be distributable to public unitholders and whether and when to make distributions of partnership property other than Distributable Cash.

(6) There may be situations in which the interests of the Company and of FTX and its affiliates differ with respect to action to be taken under the Internal Revenue Code. For example, it might be in the interest of FTX to elect longer depreciation periods, and therefore smaller current depreciation deductions, for newly acquired assets of the Company. Similarly, it might be in FTX's interest to elect to defer the deduction of the Company's development expenditures until the mineral benefitted is mined and sold rather than deducting those expenditures currently. In each of these cases, the effect of an election of the type described by the Company would be to increase a public unitholder's taxable income or decrease a public unitholder's loss, as the case may be, without any change in the amount of cash distributed to the public unitholder.

(7) The Partnership Agreement permits the Company to lend excess funds to FTX and its affiliates on a demand loan basis and at interest rates that would be charged to the borrower thereunder by unrelated lenders on comparable loans. It is the Company's intent not to make any loan that would adversely affect the amount or timing of distributions to public unitholders and to holders of general partnership interests.

(8) The Company may in the future be a purchaser of oil and gas or other products or assets from, or a borrower of funds from or a lender of funds to, FTX and its affiliates, which may give rise to conflicts of interest.

(9) The Company and FTX are both parties to the Credit Agreement. FTX may face certain potential conflicts of interest in connection therewith, because borrowings thereunder by FTX and its subsidiaries other than the Company reduce the amount available thereunder to the Company.

DESCRIPTION OF THE NOTES

The following description of the terms of the Notes offered hereby supplements, and to the extent inconsistent therewith, replaces the description of the general terms and provisions of the Debt Securities set forth in the Prospectus under the caption "Description of Debt Securities."

The Notes are to be issued under the Subordinated Indenture dated as of October 26, 1990, as supplemented by a Supplemental Indenture dated February , 1994 (as supplemented, "Subordinated Indenture") between the Company and Chemical Bank, as successor to the Manufacturers Hanover Trust Company, as Trustee (the "Trustee"). A copy of the form of Subordinated Indenture is incorporated by reference as an exhibit to the Registration Statement of which this Prospectus Supplement is a part. The following summaries of certain provisions of the Notes and the Subordinated Indenture should be read in conjunction with the statements under "Description of Debt Securities" in the Prospectus. Such information does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Notes and the Subordinated Indenture, including the definitions therein of certain terms which are not otherwise defined in the Prospectus or this Prospectus Supplement. Wherever particular provisions or defined terms of the Subordinated Indenture (or of the Form of Notes which is a part thereof) are referred to, such provisions or defined terms are incorporated herein by reference. Unless otherwise indicated, references herein are to sections in the Subordinated Indenture.

The Notes are subordinated in right of payment to all Senior Debt (as defined in the Subordinated Indenture at Section 1.1) of the Company. See "Subordination."

At December 31, 1993, the Company had \$488.1 million of Senior Debt. There is no restriction under the Subordinated Indenture on the creation of additional indebtedness, including Senior Debt, or on the Company's ability to make distributions to its partners. In addition, the Notes will be effectively subordinated to all indebtedness and other liabilities of IMC-Agrico and any of the Company's future subsidiaries.

The Notes will be obligations solely of the Company and neither the limited nor the general partners of the Company will have any obligation under, or be liable in respect of, the Notes.

General

The Notes will be limited to \$150,000,000 aggregate principal amount, and will mature on February , 2004. The Notes will bear interest from February , 1994, payable in arrears on February and August of each year, commencing August , 1994, at the rate of % per annum, to the persons in whose names the Notes are registered at the close of business on the next preceding or , respectively. Interest will be computed on the basis of a 360-day year of twelve 30-day months. All payments of interest and principal will be in United States dollars.

Principal and premium, if any, and interest on the Notes are to be payable, and the Notes will be exchangeable and transfers thereof will be registrable, at the offices of the Company maintained for such purposes in The City of New York; provided that payment of interest may, at the option of the Company, be made by check mailed to a holder at his registered address.

The Notes will be issued only in full registered form without coupons, in denominations of \$1,000 and any integral multiple thereof. The Notes are exchangeable and transfers thereof will be registrable without charge therefor, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 2.8).

Optional Redemption by the Company

The Notes are redeemable at the option of the Company, in whole or in part (in any integral multiple of \$1,000), at any time on or after February , 1999, on not less than 30 days, nor more than 60 days, notice mailed to the registered holders thereof at their last registered addresses, at the following redemption prices (expressed as percentages of the principal amount), together with accrued and unpaid interest to and including the date fixed for redemption, if redeemed during the 12-month period beginning February , of the following years:

Year	Redemption Price
- - - - -	-----
1999	
2000	
2001 and thereafter	100%

(subject to the right of any holder of record on the relevant record date to receive the interest payable on an interest payment date that is on or prior to the redemption date).

If less than all of the Notes are to be redeemed, the Trustee will select the particular Notes (or the portions thereof) to be redeemed either by lot, pro rata or by such other method as the Trustee shall deem fair and appropriate. (Section 12.2).

Subordination

The Company may not make any payments on account of the Notes or on account of the purchase or redemption or other acquisition of Notes if there shall have occurred and be continuing a default in the payment or principal of (or premium, if any) or interest on Specified Senior Debt, the payment of commitment or facility fees, letter of credit fees or agency fees under the Credit Agreement, or payments with respect to letter of credit reimbursement arrangements with one or more lenders under the Credit Agreement when due (a "Senior Payment Default"). In addition, if any default (other than a Senior Payment Default) with respect to any Specified Senior Debt permitting the holders thereof (or a trustee or agent on behalf thereof) to accelerate the maturity thereof (a "Senior Nonmonetary Default") has occurred and is continuing and the Company and the Trustee have received written notice thereof from the Agent Bank for the Credit Agreement or from an authorized person on behalf of any holder of Specified Senior Debt, then the Company may not make any payments on account of the Notes or on account of the purchase or redemption or other acquisition of Notes for a period (a "blockage period") commencing on the date the Company and the Trustee receive such written notice (the "Blockage Notice") and ending on the earliest of (x) 179 days after such date, (y) the date, if any, on which the Specified Senior Debt to which such default relates is discharged or such default is waived or otherwise cured and (z) the date, if any, on which such blockage period shall have been terminated by written notice to the Company or the Trustee from the Agent Bank for the Credit Agreement or from the Person who gave the Blockage Notice. In any event, not more than one blockage period may be commenced during any period of 360 consecutive days, and there shall be a period of at least 181 consecutive days in each period of 360 consecutive days when no blockage period is in effect. No Senior Nonmonetary Default that existed or was continuing on the date of the commencement of any blockage period with respect to the Specified Senior Debt initiating such blockage period will be, or can be, made the basis for the commencement of a subsequent blockage period, unless such default has been cured or waived for a period of not less than 90 consecutive days. In

the event that, notwithstanding the foregoing, the Company makes any payment to the Trustee or the Holder of any Note prohibited by these blockage provisions, then such payment will be held in trust for the holders of Senior Debt and will be required to be paid over and delivered forthwith to the holders of the Senior Debt remaining unpaid, to the extent necessary to pay in full all the Senior Debt.

"Senior Debt" means all Debt of the Company, including principal, premium, if any, and interest on (including interest accruing after the filing of a petition initiating any proceeding pursuant to any bankruptcy law, whether or not allowed) or other amounts payable in connection with any Debt of the Company, whether presently outstanding or subsequently created, incurred or assumed, 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 Notes. Notwithstanding the foregoing, Senior Debt shall not include any Debt of the Company to a Subsidiary of the Company or any Debt which is subordinated in right of payment in any respect to any other Debt of the Company.

"Specified Senior Debt" means (i) all Senior Debt under the Credit Agreement and (ii) any other issue of Senior Debt having a principal amount of at least \$10,000,000.

Covenants

Limitation on Subordinated Liens

The Company shall not, and shall not permit any subsidiary to, incur or suffer to exist any Lien on property or assets now owned or hereinafter acquired to secure Debt which is pari passu or subordinated in right of payment to the Notes without making, or causing such subsidiary to make, effective provision for securing the Notes (and, if the Company shall so determine, any other Debt of the Company which is not subordinate to the Notes or of such subsidiary) (x) equally and ratably with such Debt as to such property or assets for so long as such Debt shall be so secured or (y) in the event such Debt is subordinate in right of payment to the Notes, prior to such Debt as to such property or assets for so long as such debt will be so secured.

The foregoing restrictions will not apply to Liens in respect of Debt which is pari passu or subordinated in right of payment to the Notes existing at the date of the Subordinated Indenture or to:

(i) Liens on property existing at the time of acquisition thereof (and not incurred in anticipation of the financing of such acquisition);

(ii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any subsidiary;

(iii) Liens to secure Debt incurred for the purpose of financing all or any part of the purchase price or the cost of construction or improvement of the property subject to such Liens; provided, however, that (a) the principal amount of all Debt secured by such a Lien does not exceed 100% of such purchase price or cost and (b) such Lien does not extend to or cover any other property other than such item of property and any improvements on such item; and

(iv) Liens to secure any extension, renewal or refinancing (or successive extensions, renewals or refinancings), in whole or in part, of any Debt secured by Liens referred to in the foregoing clauses (i) to (iii) so long as such Lien does not extend to any other property and the Debt so secured is not increased.

Limitation on Certain Debt

The Company shall not incur any Debt which by its terms is both (i) subordinated in right of payment to any Senior Debt and (ii) senior in right of payment to the Notes.

Transactions With Affiliates and Related Persons

The Company shall not, and shall not permit any subsidiary to, enter into any transaction or series of related transactions involving aggregate consideration in excess of \$1 million and not in the ordinary course of business with an Affiliate of the Company or a Related Person of the Company, including any loan, advance or investment, either directly or indirectly, unless:

(1) the Board of Directors or any Committee of the Board of Directors of the Administrative Managing General Partner of the Company (collectively, the "Board") has adopted a resolution approving such transaction as having terms no less favorable to the Company or such subsidiary than those that could be obtained in a comparable arms length

transaction with an unrelated third party, or

(2) the Company delivers to the Trustee an opinion of a nationally recognized investment banking firm stating that such transaction is fair to the Company from a financial point of view.

For purposes of this covenant, transactions in the ordinary course of business shall include but not be limited to any transaction relating to:

(i) the payment of dividends or other distributions, including deferred distributions to FTX or any of its subsidiaries as unitholders of the Company, and the right to receive such dividends or other distributions,

(ii) any arrangement that is either consistent with past practices of the Company or approved by the Board as being in the best interest of the Company,

(iii) transactions between the Company or its subsidiaries and any employees, and

(iv) the payment of reasonable and customary fees to the Managing General Partners of the Company.

The above requirements shall not be applicable to any transaction among the Company, its wholly owned subsidiaries, the FRP Partner, IMC-Agrico or any combination thereof.

"Related Person" of any Person means, without limitation, any other Person owning (a) 10% or more of the outstanding Common Stock of such Person (or, in the case of a Person that is not a corporation, 10% or more of the equity interest in such Person) or (b) 10% or more of the combined voting power of the Voting Stock of such Person.

Certain Sales of Assets

The Company will not, and will not cause or permit any subsidiary to, consummate an Asset Disposition other than in the ordinary course of business, unless: (i) the Company or such subsidiary, as the case may be, receives consideration at least equal to the fair market value (as determined in good faith by the Board whose determination thereof shall be conclusive) of the shares or assets sold or otherwise disposed of (except in the case of a transaction described in paragraph B of the definition of "Net Proceeds" below), and (ii) either:

(a) within 360 days after the later of the consummation of the Asset Disposition or the receipt of Net Proceeds therefrom, the Company or such subsidiary applies (or in the case of clause (2) below commences to apply) the Net Proceeds either: (1) to acquire the Notes or to repay any Senior Debt of the Company or any Debt which is either pari passu to the Notes or secured by such shares or assets sold or otherwise disposed of, (2) to commence reinvestment, either directly or through a subsidiary of the Company, of such Net Proceeds in any natural resource, fertilizer or related business (including, without limitation, the production, exploration, extraction, development, marketing or refining of natural resources), whether or not conducted by the Company as of the date of the Subordinated Indenture, and delivers to the Trustee a Certificate of the Administrative Managing General Partner outlining the amount of the Net Proceeds to be used for the proposed reinvestment and the approximate timing of such reinvestment (it being understood that, in connection with any reinvestment commenced in accordance with this clause (2), the amount of Net Proceeds deemed to be applied to such reinvestment shall be the aggregate Net Proceeds estimated to be required for such reinvestment as outlined in such Certificate) or (3) to invest in Permitted Investments; or

(b) to the extent the Company or such subsidiary does not apply (or commence to apply) all or any part of such Net Proceeds in accordance with the immediately preceding clause (a), the Company makes an offer (the "Asset Disposition Offer") in accordance with applicable law to purchase a principal amount of the Notes and any other indebtedness which is senior to or pari passu with the Notes and which contains a covenant substantially similar to this "Certain Sales of Assets" covenant equal to the amount of such Net Proceeds which the Company or such subsidiary have not so applied (or commenced to apply) pursuant to clause (a) above (the "Asset Disposition Offer Amount") at 100% of the principal amount plus accrued and unpaid interest, if any.

Notwithstanding the foregoing, the Company shall not be required to make an Asset Disposition Offer except to the extent that the aggregate cumulative amount of Net Proceeds received by the Company or any subsidiary from all Asset Dispositions and not previously applied as provided in either clauses (a) or (b) of the next preceding sentence exceeds \$150,000,000. To the extent the Asset Disposition Offer is not fully subscribed by the holder of the Notes

or other indebtedness, the Company may use the remaining Net Proceeds for general corporate purposes, including without limitation the payment of partnership distributions.

If required to make an Asset Disposition Offer, the Company will commence such offer not more than 360 days after the later of the date of the consummation of the relevant Asset Disposition or the receipt of Net Proceeds by the Company or a subsidiary, 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. The Company, or, at the request of the Company, the Trustee shall mail to all holders of record of the Notes, a notice stating the terms of such Asset Disposition Offer. On the Purchase Date, the Company will accept for payment the Notes or portions thereof tendered pursuant to the Asset Disposition Offer in an aggregate principal amount equal to the Asset Disposition Offer Amount applicable to the Notes or such lesser amount of the Notes as shall have been tendered. If the aggregate principal amount of the Notes tendered exceeds the applicable Asset Disposition Offer Amount, the Company shall select the Notes to be purchased on a pro rata basis to the nearest \$1,000 of principal amount. The Trustee shall, on the Purchase Date, mail or deliver payment to each tendering holder in the amount of the purchase price, and the Company shall execute and the Trustee shall promptly authenticate and mail a new Security equal in principal amount to any unpurchased portion of the Notes so surrendered.

"Asset Disposition" means, with respect to any person, any sale, transfer, conveyance, lease or other disposition (including, without limitation, by way of merger, consolidation, spin-off, sale-leaseback or sale of shares of capital stock in any subsidiary of such person) by such person that is entered into and completed after the date of the Subordinated Indenture supplement to any person (other than to the Company or a subsidiary of any such person and other than in the ordinary course of business) of (i) any assets of such person or (ii) any shares of capital stock of such person's subsidiaries, which, in either case, results in Net Proceeds of \$20,000,000 or more. For purposes of this definition, the term "Asset Disposition" shall not include any sales, transfer, conveyance, lease or other disposition of assets and properties of the Company governed by the "Merger and Consolidation" covenant and does not include anything conveyed to the Banks party to the Credit Agreement as required thereby.

"Net Proceeds" from an Asset Disposition means:

(A) cash payments received as consideration for such Asset Disposition, including any cash received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of such note or receivable), but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the property disposed of in such Asset Disposition or received in any other non-cash form; and

(B) (i) in the case of an Asset Disposition other than an Asset Disposition described in clause (iii) below, the aggregate fair market value of any non-cash assets received as consideration for such Asset Disposition, but only to the extent that such non-cash assets are then distributed by the Company as a distribution to its partners, (ii) in the case of an Asset Disposition constituting a spin-off or other distribution to its partners, the aggregate fair market value on the date of such Asset Distribution of any non-cash assets that are distributed to its partners as part of such Asset Disposition, and (iii) in the case of an Asset Disposition pursuant to which the Company sells or otherwise conveys any non-cash assets to any of its partners (other than pursuant to a pro rata distribution to all of its partners or any payment to FTX of deferred distributions) as consideration for the repurchase by the Company of any of its partnership interests from such partners, the aggregate fair market value of the partnership interests repurchased provided that in each such case the fair market value shall be determined in good faith by the Board and such determination shall be conclusive; and, provided further, that, in the case of each of subclauses (i), (ii) and (iii) of this clause (B), any such Net Proceeds shall be deemed to have been received, in respect of any Asset Disposition, at the time when the Company distributes or otherwise sells or conveys such non-cash assets to its partners.

In each case (A) or (B), net of all expenses, commissions and other fees or obligations incurred, all taxes required to be accrued and reasonable reserves for the after-tax cost of any indemnification (including environmental indemnification) payments.

"Permitted Investment" means (i) interest bearing deposit accounts in national or state banks having a combined capital and surplus of not less than \$100,000,000 and a Moody's Bank Credit Report Service short-term deposit rating of P-1; (ii) bankers' acceptances drawn on and accepted by commercial banks having a combined capital and surplus of not less than \$100,000,000 and a Moody's Bank Credit Report Service short term deposit rating of P-1; (iii) obligations of the United States of America or any agency or instrumentality

of the United States of America; (iv) commercial or finance company paper which is rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service; (v) corporate debt securities rated A+ by Standard & Poor's or A-1 by Moody's Investors Service; (vi) repurchase agreements with banking or financial institutions having a combined capital and surplus of not less than \$100,000,000 and a Moody's Bank Credit Report Service short-term deposit rating of P-1 with respect to any of the foregoing obligations or securities; and (vii) selected money market funds with assets of at least \$1,000,000,000 and portfolio guidelines consistent with the foregoing obligations and securities. Such investments shall have maturity dates, or shall be subject to redemption by the holder at the option of the holder, prior to the date which is one year from the date of purchase of such investment.

Mergers, Consolidations and Certain Sales of Assets

The Company (i) shall not consolidate with or merge into any other Person or permit any other Person to consolidate with or merge into the Company; and (ii) shall not, directly or indirectly, transfer, sell, lease or otherwise dispose of all or substantially all of its assets to any Person; unless:

(1) if the Company is not the surviving entity, the successor entity (the "Successor Company") is organized under the laws of the United States or any state thereof or the District of Columbia and the successor entity assumes all the obligations of the Company under the Subordinated Indenture and the Notes issued thereunder; and

(2) immediately after giving effect to such transaction, no Event of Default or event which, with the giving of notice, the passage of time or both, would constitute an Event of Default shall have occurred and be continuing.

If the Successor Company of the foregoing is not a partnership, the Subordinated Indenture will be amended so that terms such as "partners" and "distributions to partners" are revised to refer to "Stockholders" and "dividends or other distributions to stockholders" or similar terms that are appropriate to the type of entity which constitutes the Successor Company.

Specified Change of Control

Within 60 days of a Specified Change of Control, the Company is required to commence an Offer to Purchase all the outstanding Notes at a purchase price equal to 101% of their aggregate principal amount plus accrued interest to the date of purchase.

"Specified Change of Control" is defined to mean when (a) any Person or any Persons (other than FTX and its Affiliates) acting together which would constitute a "group" (a "Group") for purposes of Section 13(d) of the Securities Exchange Act of 1934, together with any Affiliates, shall beneficially own, directly or indirectly, more than 50% of the total voting power of all classes of Voting Stock of the Administrative Managing General Partner of the Company, and (b) there shall be a Rating Decline within the period of 60 days following the first public announcement of the circumstance described in clause (a) (the "Announcement") (which period shall be extended if during such 60 days either both Rating Agencies shall have placed the Company on credit watch or one of the Rating Agencies shall have placed the Company on credit watch and the other Rating Agency shall have made the determination described in the definition of Rating Decline, until such time as it can be determined whether or not there has been a Rating Decline). A "Rating Decline" shall be deemed to have occurred if the Notes shall be rated by each of the Rating Agencies at a rating which is lower than the rating of the Notes by such Rating Agency on the day before the Announcement by more than one gradation (whether or not within the same Rating Category). "Rating Agency" means Standard & Poor's Corporation and its successors ("S&P"), and Moody's Investors Service Inc. and its successors ("Moody's"), or, if S&P and Moody's or both shall not make a rating of the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company which shall be substituted for S&P or Moody's or both, as the case may be; and "Rating Category" means each major rating category symbolized by (x) in the case of S&P, AAA, AA, A, BBB, BB, B, CCC, CC and C and each such Rating Category shall include pluses or minuses ("gradations") modifying such capital letters; (y) in the case of Moody's, Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C and each such Rating Category shall include added numerals such as 1, 2 or 3 ("gradations") modifying such letters; and (z) with respect to any other Rating Agency, comparable or equivalent symbols.

Provision of Financial Information

The Company will provide to the Trustee a copy of all financial reports it files with the Securities and Exchange Commission. If, during any reporting period, the Company is not required to file such reports with the Securities and Exchange Commission, the Company will provide to the Trustee the same financial reports concerning the Company as if the Company were so required.

Events of Default

The following events are defined as "Events of Default":

(i) default in payment of any of the principal, premium, if any, or interest with respect to any Security, when such becomes due and payable, and, in the case of interest, continuance of such default for 30 days;

(ii) failure by the Company to comply with any of its other agreements in the Notes or the Subordinated Indenture, upon the receipt by the Company of notice of such default from the Trustee or from holders of not less than 25% in aggregate principal amount of the Notes then outstanding and the Company's failure to cure such default within 60 days after receipt by the Company of such notice;

(iii) failure to pay at maturity (or upon any redemption), after any grace period, or a default resulting in the acceleration of the maturity of any other Debt for money borrowed (other than non-recourse Debt) of the Company in an aggregate principal amount equal to or exceeding \$20 million and such Debt has not been paid or such acceleration has not been rescinded or annulled within 30 days;

(iv) the rendering of a final judgment or judgments against the Company or any subsidiary in an aggregate amount equal to or in excess of \$20 million, and any such judgments are not vacated, discharged or stayed or bonded pending appeal within 60 days after the judgment becomes final and nonappealable; and

(v) certain events of bankruptcy, insolvency or reorganization affecting the Company or any subsidiary.

Defeasance

The Subordinated Indenture will provide that (A) if applicable, the Company will be discharged from any and all obligations in respect of the outstanding Notes or (B) if applicable, the Company may omit to comply with certain restrictive covenants under the Subordinated Indenture, and certain events will cease to be Events of Default under the Subordinated Indenture, ("Defeasable Events"), in either case (A) or (B) upon irrevocable deposit with the Trustee, in trust, of money and/or U.S. government obligations which will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent certified public accountants to pay the principal of and premium, if any, and each installment of interest, if any, on the outstanding Notes (x) at maturity or (y) at the earliest date at which the Company may optionally redeem such Notes if the Company has made adequate arrangements with the Trustee to redeem such Notes at such time. With respect to Clause (B), the obligations under the Subordinated Indenture other than with respect to certain covenants, and certain Events of Default shall remain in full force and effect. Such trust may only be established if, among other things:

(i) with respect to Clause (A), the Company has received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in law, which in the opinion of counsel provides that holders of the Notes will not recognize gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as should have been the case if such deposit, defeasance and discharge had not occurred; or, with respect to Clause (B), the Company has delivered to the Trustee an opinion of counsel to the effect that the holders of the Notes will not recognize gain or loss for Federal income tax purposes as a result of such deposit and defeasance and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(ii) no Event of Default (other than a Defeasable Event) or event that with the passing of time or the giving of notice, or both, shall constitute such an Event of Default shall have occurred or be continuing;

(iii) the Company has delivered to the Trustee an opinion of counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940; and

(iv) certain other customary conditions precedent are satisfied.

Certain Definitions

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of

such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such 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 to pay the deferred purchase price of property or services, except accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee under capital leases, (v) all Debt of others secured by any mortgage, lien, pledge, charge, security interest or encumbrance of any kind on any asset of such Person and (vi) all Debt of others Guaranteed by such Person.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); and "Guaranteed", "Guaranteeing" and "Guarantor" shall have meanings correlative to the foregoing); provided, however, that the Guarantee by any Person shall not include endorsements by such Person for collection or deposit, in either case in the ordinary course of business.

"Lien" means, with respect to any property or assets, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing); provided, however, that Lien shall not include a trust established for the purpose of defeasing any Debt, pursuant to the terms of the instrument evidencing or providing for the issuance of such Debt.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Voting Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person.

The Trustee

The Trustee does banking business on a regular basis with the Company and is one of the lenders and the agent for the lenders under the Credit Agreement.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company has agreed to sell to Goldman, Sachs & Co. ("Goldman Sachs"), and Goldman Sachs have agreed to purchase, the entire principal amounts of Notes. Under the terms and conditions of the Underwriting Agreement, Goldman Sachs are committed to take and pay for all of the Notes if any are taken.

Goldman Sachs propose to offer the Notes in part directly to retail purchasers at the initial public offering price set forth on the cover page hereof and in part to certain securities dealers at such price less a concession of % of the principal amount of the Notes. Goldman Sachs may allow, and such dealers may reallow, a concession not to exceed % of the principal amount of the Notes to certain brokers and dealers. After the Notes are released for sale to the public, the offering price and the other selling terms may from time to time be varied by Goldman Sachs.

The Notes are a new issue of securities with no established trading market. The Company has been advised by Goldman Sachs that they intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of or the trading market for the Notes. Application will be made to list the Notes on the NYSE.

The Company has agreed to indemnify Goldman Sachs against certain

liabilities, including liabilities under the Securities Act of 1933.

VALIDITY OF SECURITIES

The validity of the Notes being offered hereby will be passed upon for the Company by Davis Polk & Wardwell, New York, New York, and for Goldman Sachs, as Underwriters, by Sullivan & Cromwell, New York, New York.

PROSPECTUS

\$500,000,000
FREEPORT-McMoRan RESOURCE PARTNERS,
LIMITED PARTNERSHIP
Debt Securities
Warrants to Purchase Debt Securities

Freeport-McMoRan Resource Partners, Limited Partnership (the "Company") may offer and issue from time to time in one or more series debt securities ("Debt Securities") with an initial offering price not to exceed \$500,000,000 (or the equivalent in foreign currency or units based on or relating to currencies, including European Currency Units). The Company may issue and sell debt warrants ("Debt Warrants") to purchase Debt Securities on terms to be determined at the time of sale. The Debt Securities and Debt Warrants are herein collectively referred to as "Securities". The Company will offer Debt Securities to the public on terms determined by market conditions. Debt Securities of a series may be issuable as individual securities in registered form without coupons or in bearer form with or without coupons attached. Debt Warrants may be offered with Debt Securities or separately. Securities may be sold for U.S. dollars, foreign currency or currency units; principal of and any interest on Debt 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 principal, premium (if any) or interest on, or upon the redemption of, Debt 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.

The Securities will be obligations solely of the Company and neither the limited nor the general partners of the Company will have any obligation under, or be liable in respect of, the Securities.

The accompanying Prospectus Supplement sets forth the ranking as senior or subordinated Debt Securities, the redeemability of Debt Securities (if applicable), the specific designation, aggregate principal amount, purchase price, maturity, interest rate (or manner of calculation thereof), time of payment of interest (if any), listing (if any) on a securities exchange and any other specific terms of Debt Securities, the exercise price and terms of any Debt Warrants, the intention (if any) of the underwriters to make a market in the Securities (whether or not the Securities are listed) and the name of and compensation to each dealer, underwriter, or agent (if any) involved in the sale of the offered Securities. The managing underwriters with respect to each series sold to or through underwriters will be named in the accompanying Prospectus Supplement.

Freeport-McMoRan Inc. ("FTX"), the Administrative Managing General Partner of the Company, has filed a registration statement (the "FTX Registration Statement") with the Securities and Exchange Commission under which FTX may offer and issue from time to time debt securities in an amount not to exceed \$500,000,000 and debt warrants to purchase debt securities. At this time, the Company anticipates that the total of the Debt Securities issued under this Registration Statement and the debt securities issued by FTX under the FTX Registration Statement will have an aggregate initial offering price of not more than \$500,000,000.

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.

Securities may be offered through dealers, through underwriters, or through 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 any

agent--in each case, less other expenses attributable to issuance and distribution. See "Plan of Distribution" for possible indemnification arrangements for dealers, underwriters and agents.

December 6, 1990

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS 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.

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 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 Room 3190, Kluczynski Federal Building, 230 South Dearborn Street, Chicago, Illinois 60604 and Room 1400, 75 Park Place, New York, New York 10007, 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. The Company's Depository Units (the "Depository Units") are listed on the New York Stock Exchange (the "NYSE"). Reports 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 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.

INCORPORATION OF DOCUMENTS BY REFERENCE

The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 1989, Forms 8-K of the Company dated March 13, 1990 and July 16, 1990 and Quarterly Reports on Form 10-Q of the Company for the fiscal quarters ended March 31, 1990, June 30, 1990 and September 30, 1990 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) 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.

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.

THE COMPANY

The Company, a Delaware limited partnership, was formed on April 17, 1986 to succeed to substantially all of the sulphur, phosphate fertilizer and geothermal energy businesses of Freeport-McMoRan Inc. ("FTX") and to the technology used in its uranium recovery business. Currently, the Company's business consists of the mining of phosphate rock and the production and distribution of phosphate fertilizers; the exploration for, and the mining, handling and transportation of, sulphur; and the ownership and licensing of technology covering a proprietary extraction process for the recovery of uranium oxide from phosphoric acid. The Company is in the process of developing the Main Pass Block 299 sulphur and oil reserves which it discovered in 1988 and in which it has a 58.3% interest.

The August 2, 1990 Iraqi invasion of Kuwait, together with the worldwide response to the invasion, has impacted world oil, sulphur and fertilizer markets. Though the Company cannot accurately predict future consequences, this situation has not materially affected the Company to date.

The Company's principal executive office is located at 1615 Poydras Street, New Orleans, Louisiana 70112 and its telephone number is (504) 582-4000.

USE OF PROCEEDS

Unless otherwise set forth in the applicable Prospectus Supplement, the net proceeds from the sale of the Securities will be used to fund the development of Main Pass Block 299 sulphur and oil reserves and for general corporate purposes, including the repayment of existing indebtedness and additions to working capital. The Company anticipates that it will raise additional funds from time to time through equity or debt financings, including borrowings under its revolving credit agreement, to finance its businesses.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges for the Company for the periods indicated.

<TABLE>

<CAPTION>

	Years Ended December 31,					Nine Months Ended September 30,	
	1985	1986	1987	1988	1989	1989	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges (1) (unaudited)	--(2)	36.7x(2)	7.9x	7.1x	4.8x	5.3x	18.0x
Ratio of earnings to fixed charges after pro forma adjustments to reflect impact of asset dispositions and additions (1)(3) (unaudited)				40.0x		30.4x	36.3x

<FN>

(1) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income from continuing operations before fixed charges. Fixed charges consist of interest and that portion of rent which is deemed representative of an interest factor.

(2) On June 27, 1986 FTX transferred substantially all of its sulphur, phosphate and geothermal properties and certain other related assets and liabilities to the Company. As no long-term debt was transferred to the Company, the predecessor entities did not reflect any interest expense in their results of operations. The predecessor entities' net income totaled \$87.6 million in 1985 and \$51.3 million for the 1986 period ended June 26, 1986. The ratio of earnings to fixed charges for 1986 presented above reflects only the period from June 27, 1986 through December 31, 1986.

(3) As further discussed in the notes to the Company's financial statements, incorporated by reference herein, the Company sold certain nitrogen fertilizer assets in February 1990 and its producing geothermal energy properties effective March 1, 1990 and a wholly-owned subsidiary of the Company sold its investment in Namhae Chemical Corporation in June 1990. In June 1990 the Company and its joint-venture partners acquired the oil and natural gas reserves associated with its Main Pass Block 299 sulphur discovery. The pro forma ratio of earnings to fixed charges has been computed assuming these transactions occurred on January 1 of the respective periods.

</TABLE>

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 Debt Securities that will be senior debt, under a Senior Indenture (the "Senior Debt Indenture") dated as of October 26, 1990 between the Company and The Chase Manhattan Bank (National Association), as Trustee, and, in the case of Debt Securities that will be subordinated debt, under a Subordinated Indenture (the "Subordinated Debt Indenture") dated as of October 26, 1990 between the Company and Manufacturers Hanover Trust Company, 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 (National Association) and Manufacturers Hanover Trust Company 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." The Debt Securities offered by this Prospectus and the accompanying Prospectus Supplement are referred to herein as the "Offered Debt Securities." The Debt Warrants offered by this Prospectus and the accompanying Prospectus Supplement are referred to herein as the "Offered Debt Warrants." The Offered Debt Securities and the Offered Debt Warrants are collectively referred to herein as the "Offered Securities."

General

Neither of the Indentures limits the amount of Debt Securities, debentures, notes or other evidences of indebtedness that may be issued by the Company. The Debt Securities will be unsecured senior or subordinated obligations of the Company.

The Debt Securities will be obligations solely of the Company and neither FTX nor any other general partner or limited partner of the Company (individually or as a partner of the Company) will have any obligation under, or be liable in respect of, the Debt Securities.

The Indentures provide that Debt Securities may be issued from time to time in one or more series and may be denominated and payable in foreign currencies or units based on or relating to foreign currencies, including European Currency Units ("ECUs"). The Indentures further provide that amounts payable by the Company in respect of principal, premium (if any) or interest on, or upon the redemption of, Debt Securities may be calculated by reference to the value, rate or price of one or more specified commodities, currencies or indices. Special United States federal income tax considerations applicable to any such Debt Securities will be described in the relevant Prospectus Supplement.

Reference is made to the Prospectus Supplement for the following terms of and information relating to the Offered Debt Securities (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, purchase price and denomination; (ii) 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 any interest will or may be payable; (iii) any date of maturity; (iv) the method by which amounts payable in respect of principal, premium (if any) or interest on, or upon the redemption of, such Debt Securities may be calculated, and any commodities, currencies or indices, or value, rate or price, relevant to such calculation; (v) interest rate or rates (or the method by which such rate will be determined), if any; (vi) the dates on which any such interest will be payable; (vii) the place or places where the principal of and interest, if any, on the Offered Debt Securities will be payable; (viii) any redemption, repayment or sinking fund provisions; (ix) whether the Offered Debt Securities will be issuable in registered form or bearer form ("Bearer Securities") or

both and, if Bearer Securities are issuable, any restrictions applicable to the exchange of one form for another and to the offer, sale and delivery of Bearer Securities; (x) any applicable United States federal income tax consequences, including whether and under what circumstances the Company will pay additional amounts on Offered 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; and (xi) any other specific terms of the Offered Debt Securities, including any additional or different 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.

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 Prospectus Supplement. 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 Securities and the coupons, if any ("Coupons"), appertaining thereto will be transferable by delivery.

Debt Securities may bear interest at a fixed rate (a "Fixed Rate Security") or a floating rate (a "Floating Rate Security"). 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 or price of one or more commodities, currencies or indices. Holders of such Debt Securities may receive a principal amount 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 or interest otherwise payable on such dates, or a redemption amount on any redemption date that is greater than or less than the principal amount of such Debt Securities, depending upon the value or price on such dates of the applicable currency, commodity or index. Information for determining the amount of principal, premium (if any), interest or redemption amounts 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 relevant Prospectus Supplement.

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 a depository (a "Depository") or with a nominee of a Depository identified in the Prospectus Supplement relating to such series. In such case, one or more Registered Global Securities will be issued in a denomination or aggregate denominations 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 depository arrangements.

Upon the issuance of a Registered Global Security, the Depository for such Registered Global Security will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Registered Global Security to the accounts of persons that have accounts with such Depository ("participants"). The accounts to be credited shall be designated by any underwriters or agents participating in the distribution of such Debt Securities. Ownership of beneficial interests in a Registered Global Security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in such Registered Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depository for such Registered Global Security (with respect to interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants).

So long as the Depository for a Registered Global Security, or its nominee, is the registered owner of such Registered Global Security, such Depository 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.

Principal, premium, if any, and interest payments on Debt Securities represented by a Registered Global Security registered in the name of a Depository or its nominee will be made to such Depository or its nominee, as the case may be, as the registered owner of such Registered Global Security. None of the Company, the 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 Depository 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 the principal amount of such Registered Global Security as shown on the records of such Depository. The Company also expects that payments by participants to owners of beneficial interest in such Registered Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name" and will be the responsibility of such participants.

If the Depository for any Debt Securities represented by a Registered Global Security is at any time unwilling or unable to continue as Depository and a successor Depository is not appointed by the Company within ninety 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.

The Debt Securities of a series may also be issued in the form of one or more bearer Global Securities (a "Bearer Global Security") that will be deposited with a common depository for Euro-clear and CEDEL, or with a nominee for such depository identified in the Prospectus Supplement relating to such series. The specific terms and procedures, including the specific terms of the depository 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 Coupons, if any, appertaining thereto that will constitute part of the senior debt of the Company will be issued under the Senior Debt Indenture and will rank pari passu with all other unsecured and unsubordinated debt of the Company.

Subordinated Debt

The Debt Securities and Coupons, if any, appertaining thereto that will constitute part of the subordinated debt of the Company (the "Subordinated Debt Securities") will be issued under the Subordinated Debt Indenture and 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" of the Company. The Subordinated Debt Indenture defines "Senior Indebtedness" as obligations (other than non-recourse obligations, the Subordinated Debt Securities or any other obligations specifically designated as being subordinate in right of payment to Senior Indebtedness) of, or guaranteed or assumed by, the Company for borrowed money or evidenced by bonds, debentures, notes or other similar instruments, and amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation. (Subordinated Debt Indenture, Section 1.1).

In the event (a) of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in respect of the Company or a substantial part of its property 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) with respect to 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 (with notice or lapse of time, or both) and such event of default shall have continued beyond the period of grace, if any, in respect thereof, and 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 the Subordinated Debt Securities shall have been declared due and payable upon an Event of Default pursuant to Section 5.1 of 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 the full amount unpaid 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 Coupons are entitled to receive a payment on account of the principal of (and premium, if any) or any interest on the indebtedness evidenced by such Subordinated Debt Securities or of such Coupons. (Subordinated Debt Indenture, Section 13.1). 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.

Certain Covenants of the Company

Each Indenture provides that the Company will not merge or consolidate with any corporation, partnership or other entity and will not sell, lease or convey all or substantially all its assets to any entity, unless the Company shall be the surviving entity, or the successor entity that acquires all or substantially all the assets of the Company 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 successor entity shall not be in default in the performance of the covenants and conditions of the Indenture to be performed or observed by the Company. (Section 9.1)

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 in payment of any principal of the Debt Securities of such series, either at maturity (or 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; (b) default for 30 days in payment of any interest on any Debt Securities of such series; (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 included in the Indenture solely for the benefit of a series of Debt Securities other than such series; (d) certain events of bankruptcy, insolvency or reorganization; (e) failure by the Company to make any payment at maturity, including any applicable grace period, in respect of Indebtedness in an amount in excess of \$50,000,000 or the equivalent thereof in any other currency or composite currency and continuance of such failure for a period of 30 days after written notice thereof to the Company by the Trustee, or to the Company and the Trustee by the holders of not less than 25% in principal amount of outstanding Debt Securities of such series; or (f) a default with respect to any Indebtedness, which default results in the acceleration of any Indebtedness in an amount in excess of \$50,000,000 without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled for a period of 30 days after written notice thereof to the Company by the Trustee, or to the Company and the Trustee by the holders of not less than 25% in principal amount of outstanding Debt Securities of such series, Indebtedness 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; provided, however, that if any such failure, default or acceleration referred to in clause (e) or (f) or the proviso to clause (a) 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. (Section 5.1)

Each Indenture provides that if an Event of Default due to the default in payment of principal of, premium, if any, or interest on, the Debt Securities of any series issued under such Indenture, or due to the default in the performance or breach of any other covenant or warranty of the Company applicable to the Debt Securities of such series or due to certain events of bankruptcy, insolvency and reorganization of the Company shall have occurred and be continuing, either the Trustee or the holders of not less than 25% in the principal amount of the Debt Securities of such series then outstanding may then declare the principal of all Debt Securities of such series and interest accrued thereon to be due and payable immediately, but 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 such Debt Securities) by the holders of a majority in principal amount of the Debt Securities of such series then outstanding. (Sections 5.1 and 5.10) Except as otherwise provided in the relevant Prospectus Supplement, Debt Securities beneficially owned by FTX and any other general partner or limited partner of the Company and any affiliates thereof (other than the Company) shall be deemed to be "outstanding."

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 the Indenture at the request of holders of Debt Securities unless the Trustee is indemnified by such holders. (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 each series issued under such Indenture 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. (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) unless such holder previously shall have given to the Trustee written notice of default and continuance thereof and the holders of not less than 25% in principal amount of the Debt Securities of such series issued under such Indenture and then outstanding shall have requested the Trustee to institute such action and shall have offered the Trustee reasonable indemnity, the Trustee shall not have instituted such action within 60 days of such request and the Trustee shall not have received direction inconsistent with such written request by the holders of a majority in principal amount of the Debt Securities of such series issued under such Indenture and then outstanding. (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. (Section 3.5)

Discharge and Defeasance

Unless otherwise specified in the applicable Prospectus Supplement, the Company can discharge or defease its obligations with respect to each series of Debt Securities as set forth below. (Section 10.1)

Under terms satisfactory to the Trustee, the Company may discharge certain obligations to holders of any series of Debt Securities issued under such Indenture 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 cash or, in the case of Debt Securities payable only in U.S. dollars, U.S. Government Obligations (as defined in such Indenture) as trust funds in an amount certified to be sufficient to pay at maturity (or upon redemption) the principal of and interest on such Debt Securities.

The Company may also discharge any and all of its obligations to holders of any series of Debt Securities issued under an Indenture at any time ("defeasance"), but may not thereby avoid its duty to register the transfer or exchange of such series of Debt Securities, to replace any temporary, mutilated, destroyed, lost, or stolen series of Debt Securities or to maintain an office or agency in respect of such series of Debt Securities. Defeasance may be effected only if, among other things: (i) the Company irrevocably deposits with the Trustee cash or, in the case of Debt Securities payable only in U.S. dollars, U.S. Government Obligations, as trust funds in an amount certified to be sufficient to pay at maturity (or upon redemption) the principal of and interest on all outstanding Debt Securities of such series issued under the Indenture; (ii) the Company delivers to the Trustee an opinion of counsel to the effect that the holders of such series of Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and that defeasance will not otherwise alter such holders' United States federal income tax treatment of principal and interest payments on such series of Debt Securities (such opinion must be based on a ruling of the Internal Revenue Service or a change in United States federal income tax law occurring after the date of such Indenture, since such a result would not occur under current tax law); and (iii) in the case of the Subordinated Debt Indenture (a) no event or condition shall exist that, pursuant to certain provisions described under "Subordinated Debt" above, would prevent the Company from making payments of principal of (and premium, if any) and interest on the Subordinated Debt Securities at the date of the irrevocable deposit referred to above or at any time during the period ending on the 91st day after such deposit date and (b) the Company delivers to the Trustee for the Subordinated Debt Indenture an opinion of counsel to the effect that (1) the trust funds will not be subject to any rights of holders of Senior Indebtedness and (2) after the 91st day following

the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, except that if a court were to rule under any such law in any case or proceeding that the trust funds remained property of the Company, then the Trustee and the holders of the Subordinated Debt Securities would be entitled to certain rights as secured creditors in such trust funds.

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 for the protection of the holders of such Debt Securities, (d) cure any ambiguity or correct any inconsistency in the Indenture, (e) establish the form of terms of such Debt Securities, (f) evidence the acceptance of appointment by a successor trustee or (g) amend the Indenture in any other manner which the Company may deem necessary or desirable and which will not adversely affect the interests of the holders of Debt Securities issued thereunder. (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 any series issued under such Indenture then outstanding and affected, 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 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 stated maturity of the principal of any Debt Security, or reduce the principal amount thereof or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on redemption thereof or change the currency in which the principal thereof (including any amount in respect of original issue discount) or interest thereon is payable or reduce the amount of any original issue discount security payable upon acceleration or provable in bankruptcy 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 payment on any Debt Security when due or (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. (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. (Subordinated Debt Indenture, Section 8.6)

Concerning the Trustees

The Chase Manhattan Bank (National Association) and Manufacturers Hanover Trust Company are two of a number of banks with which the Company and FTX maintain ordinary banking relationships and with which the Company and FTX maintain credit facilities.

DESCRIPTION OF DEBT WARRANTS

The Company may issue, together with Debt Securities or separately, Debt Warrants for the purchase of Debt Securities. If the Debt Warrants are issued together with any Debt Securities, they may be attached to or separate from such Debt Securities. The Offered Debt Warrants are to be issued under a Debt Warrant Agreement (the "Debt Warrant Agreement") to be entered into between the Company and a bank or trust company, as Warrant Agent (the "Debt Warrant Agent"), and may be issued in one or more series, all as shall be set forth in the Prospectus Supplement relating thereto. The forms of the Debt Warrant Agreement and the certificates for the Debt Warrants are filed as exhibits to the Registration Statement of which this Prospectus is a part. The following summaries of certain provisions of the Debt Warrant Agreement and the Debt Warrants do not purport to be complete and such summaries are subject to the detailed provisions of the Debt Warrant Agreement 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 Warrants. References under this caption are to the Debt Warrant Agreement. Wherever particular provisions of the Debt Warrant Agreement are referred to, such provisions are incorporated by reference as a part of the statements made, and the statements are qualified in their entirety by such reference.

General

The Debt Warrants will be obligations solely of the Company and neither FTX nor any other general partner or limited partner of the Company (individually or as a partner of the Company) will have any obligation under, or be liable in respect of, the Debt Warrants.

Reference is made to the Prospectus Supplement for the following terms of and information relating to the Offered Debt Warrants: (i) the price at which the Offered Debt Warrants will be issued; (ii) the currency or composite currency for which the Offered Debt Warrants may be purchased; (iii) the designation, aggregate principal amount, currency or composite currency and terms of the Debt Securities that may be purchased upon exercise of the Offered Debt Warrants; (iv) if applicable, the designation and terms of the Debt Securities with which the Offered Debt Warrants are issued and the number of Offered Debt Warrants issued with each of such Debt Securities; (v) if applicable, the date on and after which the Offered Debt Warrants and the related Debt Securities will be separately transferable; (vi) the principal amount of Debt Securities purchasable upon exercise of each Offered Debt Warrant and the price at which and the currency or composite currency in which such principal amount of Debt Securities may be purchased upon such exercise; (vii) the date on which the right to exercise the Offered Debt Warrants shall commence and the date (the "Debt Warrant Expiration Date") on which such right shall expire or, if the Offered Debt Warrants are not continuously exercisable throughout such period, the specific date or dates on which they will be exercisable (each, a "Debt Warrant Exercise Date," which term shall also mean, with respect to Offered Debt Warrants continuously exercisable for a period of time, every date during such period); (viii) whether the Debt Warrant certificates representing the Offered Debt Warrants (the "Debt Warrant Certificates") will be in registered form ("Registered Warrants") or bearer form ("Bearer Warrants") or both; (ix) any applicable United States federal income tax consequences; (x) the identity of the Debt Warrant Agent in respect of the Offered Debt Warrants; (xi) the proposed listing, if any, of the Offered Debt Warrants or the Debt Securities purchasable upon exercise thereof on any securities exchange; and (xii) other terms of the Offered Debt Warrants.

Registered Warrants of each series will be evidenced by Debt Warrant Certificates in registered form and Bearer Warrants of each series will be evidenced by a global Debt Warrant Certificate in bearer form (the "Global Debt Warrant Certificate"). Bearer Warrants will not be issued in definitive form. The Global Debt Warrant Certificate will be deposited with a common depository for Euro-clear and CEDEL, for credit to the accounts of the purchasers of the Bearer Warrants on the related date of issue. (Sections 1.02 and 1.03)

At the option of the holder upon request confirmed in writing, and subject to the terms of the Debt Warrant Agreement, Registered Warrants may be presented for exchange and for registration of transfer (with the form of transfer endorsed thereon duly executed) at the corporate trust office of the Debt Warrant Agent for such series of Debt Warrants (or any other office indicated in the Prospectus Supplement relating to such series of Debt Warrants) without service charge and upon payment of any taxes and other governmental charges as described in the relevant Debt Warrant Agreement. Such transfer or exchange will be effected only if the Debt Warrant Agent for such series of Debt Warrants is satisfied with the documents of title and identity of the person making the request. (Section 4.01)

Exercise of Debt Warrants

Each Offered Debt Warrant will entitle the holder to purchase for cash such principal amount of Debt Securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the Prospectus Supplement. Offered Debt Warrants may be exercised at any time up to the close of business on the Debt Warrant Expiration Date set forth in the Prospectus Supplement. After the close of business on the Debt Warrant Expiration Date (or such later date to which the Debt Warrant Expiration Date may be extended by the Company), unexercised Debt Warrants will become void. (Section 2.02)

Subject to any restrictions and additional requirements that may be set forth in the Prospectus Supplement, Registered Warrants may be exercised by delivery to the Debt Warrant Agent of the Debt Warrant Certificate evidencing such Registered Warrants properly completed and duly executed and of payment as provided in the Prospectus Supplement of the amount required to purchase the Debt Securities purchasable upon such exercise. (Section 2.03) Subject to any such restrictions and additional requirements, Bearer Warrants may be exercised by the beneficial owner thereof delivering to Euro-clear or CEDEL a duly completed exercise letter or tested telex, in the form obtainable from Euro-clear or CEDEL or the Warrant Agent, setting forth, among other things, instructions for payment as provided in the Prospectus Supplement on the date of exercise of the amount required to purchase the Debt Securities purchasable upon exercise of Bearer Warrants. Purchasers of Bearer Securities to be delivered upon exercise of the Bearer Warrants will be subject to certification procedures and may be affected by certain limitations under United States federal income tax laws. See "Limitations on Issuance of Bearer Debt Securities and Bearer Debt Warrants." The procedures to be followed in connection with the delivery of the exercise letter will be set forth in the Prospectus Supplement. The exercise price of Debt Warrants will be that price applicable on the date of receipt of payment in full of the requisite amount

of funds, determined as set forth in the Prospectus Supplement. Upon receipt of such payment (plus payment of any accrued interest on the Debt Securities being purchased, from and including the immediately preceding interest payment date for such Debt Securities to and including the Debt Warrant Exercise Date (unless the Debt Warrant Exercise Date is after the record date, if any, but on or before the immediately succeeding interest payment date, if any, for the Debt Securities being purchased, in which case no accrued interest is payable in respect of Debt Securities to be issued as Registered Securities)) and upon either (i) surrender of such Debt Warrant Certificate at the corporate trust office of the Debt Warrant Agent or any other office indicated in the Prospectus Supplement, in the case of Registered Warrants, or (ii) satisfaction of the certification procedures referred to above under "General," in the case of Bearer Warrants, the Company will, as soon as practicable, forward the Debt Securities purchasable upon such exercise. Only Registered Securities will be deliverable upon exercise of Registered Warrants. Registered Securities or, subject to the certification procedures referred to above under "General," Bearer Securities will be delivered upon exercise of Bearer Warrants, as may be specified in the exercise letter. If fewer than all of the Registered Warrants represented by a Debt Warrant Certificate are exercised, a new Debt Warrant Certificate will be issued representing the remaining number of Registered Warrants. (Section 2.03)

Modifications

The Debt Warrant Agreement and the terms of the Debt Warrants and the Debt Warrant Certificates may be amended by the Company and the Debt Warrant Agent, without the consent of the holders, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision therein or in any other manner which the Company may deem necessary or desirable and which will not adversely affect the interests of the holders in any material respect. (Section 6.01)

Merger, Consolidation, Sale or Other Disposition

If at any time there shall be a merger or consolidation of the Company or a transfer of substantially all of its assets as permitted under the Indentures, the successor entity thereunder shall succeed to and assume all obligations of the Company under the Debt Warrant Agreement and the Debt Warrant Certificates. (Section 3.04) See "Description of Debt Securities--Certain Covenants of the Company."

Enforceability of Rights of Debt Warrantholders;

Governing Law

The Debt Warrant Agent will act solely as an agent of the Company in connection with the Debt Warrant Certificates and will not assume any obligation or relationship of agency or trust for or with any holders of Debt Warrant Certificates or beneficial owners of Debt Warrants. (Section 5.02) Any holder of Debt Warrant Certificates evidencing Registered Warrants and any beneficial owner of Bearer Warrants may, without the consent of the Debt Warrant Agent, any other holder, the relevant Trustee, the holder of any Debt Securities issued upon exercise of Debt Warrants or, if applicable, the common depository for Euro-clear and CEDEL, enforce by appropriate legal action, on its own behalf, its right to exercise the Debt Warrants evidenced by such Debt Warrant Certificates or the Global Debt Warrant Certificates evidencing such Bearer Warrants, as the case may be, in the manner provided therein and in the Debt Warrant Agreement. (Section 3.03) No holder of any Debt Warrant Certificate or beneficial owner of any Debt Warrants evidenced thereby shall be entitled to any of the rights of a holder of the Debt Securities purchasable upon exercise of such Debt Warrants, including, without limitation, the right to receive the payment of principal of or premium, if any, or interest, if any, on such Debt Securities or to enforce any of the covenants in the Indenture. (Section 3.01) The Debt Warrants and each Debt Warrant Agreement will be governed by, and construed in accordance with, the laws of the State of New York. (Section 6.04)

LIMITATIONS OF 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, 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 Bearer Securities or Bearer Warrants, directly or indirectly, must agree that (i) they will not, in connection with the original issuance of any 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 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 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 Bearer Securities or Bearer Warrants are aware of the above restrictions on the offering, sale, resale or delivery of Bearer Securities or Bearer Warrants. Moreover, 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). Bearer Warrants will not be issued in definitive form.

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 a 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 three ways: (i) through agents, (ii) through underwriters and (iii) through dealers.

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 the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent set forth, in the Prospectus Supplement. 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 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, which will be used by the underwriters to make resales of the Securities in respect of which this Prospectus is delivered to the public. 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 the Securities in respect of which this Prospectus is delivered, 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 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.

Securities may also be offered and sold, if so indicated in the Prospectus Supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms ("remarketing firms"), acting as principals for their own accounts or as agents for the Company. Any remarketing firm will be identified and the terms of its agreement, if any, with the Company and its compensation will be described in the Prospectus Supplement. Remarketing firms may be deemed to be underwriters in connection with the Securities remarketed thereby. Remarketing firms 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 so indicated in the Prospectus Supplement, the Company will authorize agents and underwriters or dealers to solicit offers by certain purchasers to purchase the relevant Offered 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 Debt Securities and the Debt Warrants will be passed upon for the Company by Davis Polk & Wardwell.

EXPERTS

The audited financial statements and schedules of the Company incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1989, to the extent and for the periods indicated in their reports, have been audited by Arthur Andersen & Co. or Coopers & Lybrand, independent public accountants, and are incorporated herein by reference. Such audited financial statements and schedules are, incorporated herein in reliance upon the authority of said firms 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.

ERISA MATTERS

The Company and certain affiliates of the Company may each be considered a "party in interest" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a "disqualified person" within the meaning of the Code with respect to many employee benefit plans. Prohibited transactions within the meaning of ERISA or the Code may arise, for example, if the Securities are acquired by a pension or other employee benefit plan with respect to which FTX or any of its affiliates is a service provider, unless such Securities are acquired pursuant to an exemption for transactions effected on behalf of such plan by a "qualified professional asset manager" or pursuant to any other available exemption. Any such pension or employee benefit plan proposing to invest in the Securities should consult with its legal counsel.

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No person has been authorized to give any information or to make any representations in connection with the offer made hereby other than those contained 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. Neither this Prospectus Supplement nor the Prospectus constitutes an offer to sell or the solicitation of an offer to buy any securities other than the securities offered by this Prospectus Supplement or the Prospectus or an offer to sell or a solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is 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 there has been no change in the affairs of the Company since the date of this Prospectus Supplement or the Prospectus, or that the information herein or therein is correct as of any time since such dates.

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\$150,000,000

(LOGO)

— % Senior Subordinated
Notes due 2004

PROSPECTUS SUPPLEMENT

Goldman, Sachs & Co.

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