

The Depository Trust Company
IMPORTANT

B#: 3325
DATE: July 12, 2002
TO: All Participants

CATEGORY: Dividends
FROM: Anthony Capizzi, Domestic Tax Services, Dividend Dept.
ATTENTION: Managing Partner/Officer, Cashier, Dividend Mgr. Tax Mgr.
SUBJECT: Freeport McMoran Copper & Gold Inc.
CUSIP# 35671D865
2001 Tax Information

The attached correspondence containing tax information was received by the Depository Trust Company. If applicable please consult your tax advisor to assure proper treatment of this event.

Attachment

B#3305



1615 Poydras Street
New Orleans, LA 70112
(504) 582-4000

**NOTICE OF DISTRIBUTION OF PROCEEDS
FROM THE THIRD MANDATORY PARTIAL REDEMPTION
OF SILVER-DENOMINATED PREFERRED STOCK**

Freeport-McMoRan Copper & Gold Inc.
Silver-Denominated Depositary Shares
Each Initially Representing 0.025 of a Share of
Silver-Denominated Preferred Stock

Distribution Date: August 1, 2001

Notice is hereby given that Freeport-McMoRan Copper & Gold Inc. (the "Company") will distribute on August 1, 2001 the amount required to fund the third mandatory partial redemption of the Company's Silver-Denominated Preferred Stock ("Preferred Stock"). The distribution will be made to holders of record on July 13, 2001 of the Company's Silver-Denominated Depositary Shares ("Depositary Shares") (NYSE: FCX Pr D), CUSIP 35671D 86 5. In order to receive the distribution, the public depositary shareholders of FCX Pr D will not be required to surrender or exchange any of their Depositary Shares.

The distribution payment for each Depositary Share of FCX Pr D will be the dollar equivalent of the value of 0.5 ounce of silver, calculated using the average of the London silver fixing spot price for an ounce of silver in the London bullion market on each of the twenty trading days ending on June 27, 2001. The partial redemption on August 1, 2001 will be the third of eight annual mandatory partial redemptions.

As a result of the partial redemption of the Preferred Stock, all of which is held by Mellon Investor Services LLC, as Depositary, (a) the number of Depositary Shares outstanding will remain at 4,760,000, (b) 14,875 shares of the 89,250 shares outstanding of the Preferred Stock will be redeemed, which is 12.5 percent of the original 119,000 shares outstanding of the Preferred Stock, (c) 74,375 shares of the Preferred Stock will remain outstanding, (d) the portion of a share of Preferred Stock represented by each Depositary Share will be reduced from 0.01875 to 0.015625 of a share, and (e) the amount of silver underlying each Depositary Share will be reduced from 3.0 ounces to 2.5 ounces, which is a reduction of 12.5 percent of the original 4.0 ounces of silver. The public holders of Depositary Shares will not be required to surrender or exchange any of their Depositary Shares in order to receive the distribution.

The distribution will be a taxable event. In general, the distribution will be treated as a redemption of one-sixth of the amount of each Depositary Share outstanding immediately prior to this third mandatory partial redemption, resulting in a taxable gain or loss based on the



NEWS RELEASE

NYSE Common Stock Symbols:
Class A shares - "FCX.A" Class B shares - "FCX"

Freeport-McMoRan Copper & Gold Inc.
1615 Poydras Street
New Orleans, Louisiana 70112

Financial Contact:
Chris D. Sammons
(504) 582-4474

FREEPORT-McMoRan COPPER & GOLD INC. DECLARES QUARTERLY CASH DIVIDENDS ON PREFERRED STOCKS AND DISTRIBUTION PAYMENT ON SILVER-DENOMINATED PREFERRED STOCK

NEW ORLEANS, LA, July 5, 2001 - Freeport-McMoRan Copper & Gold Inc. (NYSE: FCX) today declared, for the period from May 2, 2001 through August 1, 2001, the following cash dividends payable on August 1, 2001 to holders of record as of July 13, 2001:

\$0.43750 per depositary share (NYSE: FCX Pr A), representing FCX's Step-Up Convertible Preferred Stock.

\$0.23879 per depositary share (NYSE: FCX Pr B), representing FCX's Gold-Denominated Preferred Stock.

\$0.22173 per depositary share (NYSE: FCX Pr C), representing FCX's Gold-Denominated Preferred Stock, Series II.

\$0.13501 per depositary share (NYSE: FCX Pr D), representing FCX's Silver-Denominated Preferred Stock.

FCX will also distribute on August 1, 2001 proceeds from the third mandatory partial redemption of FCX's Silver-Denominated Preferred Stock to holders of record as of July 13, 2001 of FCX's depositary shares (NYSE: FCX Pr D), representing its Silver-Denominated Preferred Stock. The distribution payment will be \$2.182 per depositary share.

FCX explores for, develops, mines and processes ore containing copper, gold and silver in Indonesia, and smelts and refines copper concentrates in Spain and Indonesia. Additional information about FCX is available on our Internet web site "www.fcx.com".

#

difference between the amount received and the tax basis attributable to the redeemed portion of the Depository Shares. In general, the attributable tax basis will be equivalent to one-sixth of the depository shareholder's purchase price adjusted to reflect previous redemptions, if applicable. Depository shareholders should consult their tax advisor regarding their specific circumstances.

The distribution payment is in addition to the normal quarterly dividend scheduled to be paid on August 1, 2001. Quarterly dividends payable per Depository Share after August 1, 2001 through August 1, 2002 will be calculated based on the approximate dollar equivalent of 0.02578125 ounces of silver.

The following table illustrates the annual reduction in (a) the principal silver balance underlying each Depository Share, (b) the quarterly dividend rate payable through August 1, 2006, and (c) the portion of one share of Preferred Stock represented by one Depository Share, with each reduction to occur as a result of each annual partial redemption of the Preferred Stock.

<u>After August 1,</u>	<u>Principal Silver Balance per Depository Share</u>	<u>Quarterly Dividend Rate *</u>	<u>Portion of One Share of Preferred Stock Represented by One Depository Share</u>
	4.0 ounces	0.04125	0.025000
1999	3.5 ounces	0.03609375	0.021875
2000	3.0 ounces	0.0309375	0.018750
2001	2.5 ounces	0.02578125	0.015625
2002	2.0 ounces	0.020625	0.012500
2003	1.5 ounces	0.01546875	0.009375
2004	1.0 ounces	0.0103125	0.006250
2005	0.5 ounces	0.00515625	0.003125
2006	0.0 ounces	0.0	0.0

- * This rate multiplied by the Reference Silver Price for a quarter will determine the quarterly dividend per Depository Share. The Reference Silver Price is the average of the London silver fixing spot price for an ounce of silver in the London bullion market on each of the twenty trading days ending on the second trading day prior to the last day of the calendar quarter immediately preceding the payment date.

This notice is being provided to depository shareholders in accordance with the terms of Section 2.03(b) of the Deposit Agreement, dated July 25, 1994, among the Company, Mellon Investor Services LLC (formerly known as ChaseMellon Shareholder Services, L.L.C.) and the holders of the Depository Shares. This third mandatory partial redemption of the Preferred Stock is being made in accordance with the terms of the Certificate of Designations of the Preferred Stock contained in Exhibit E to the Company's Certificate of Incorporation.

Freeport-McMoRan Copper & Gold Inc.

Dated June 11, 2001