Investment Community Presentation

Forward-Looking Statements and Supplemental Data

- These materials include "forward-looking statements" (as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) including statements regarding, among other things, the company's business strategy and growth strategy
  - All statements other than historical information are forward-looking statements
  - These forward-looking statements are based on management's current expectations, speak only as of the date made, and are subject to a number of risks and uncertainties that cannot be predicted or quantified and are beyond our control
  - Future developments and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements
  - Please refer to the Management's Discussion and Analysis and Risk Factors sections of our most recent 10-K and 10-Q reports, as well as our other publicly available filings with the SEC for a discussion of risk factors and factors that could cause actual results to differ materially
- These materials also include terms used to describe supplemental data
  - Any such data or terms are not a substitute for any U.S. generally accepted accounting principle measure and should be evaluated within the context of our U.S. GAAP results
  - Any such references may not be comparable to similarly titled measures reported by other companies
- Unless otherwise indicated, all information in this presentation is on a post-FIN-46 basis (i.e., Candelaria and El Abra are fully consolidated with minority interests shown separately rather than a pro rata consolidation)

Agenda

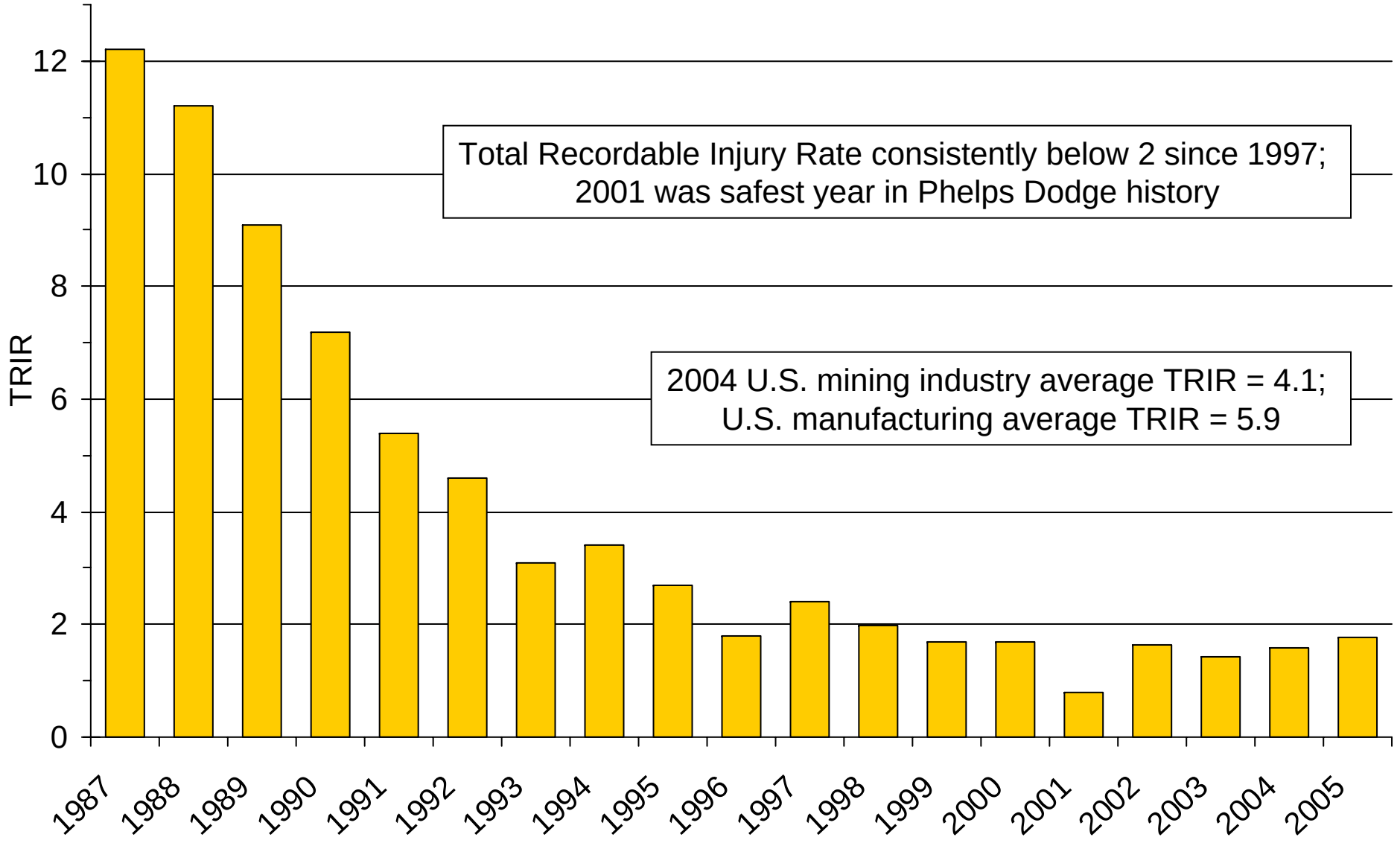
- Introduction – Steve Whisler
- Copper Market – Art Miele
- Molybdenum Market – Dave Thornton
- Operations Overview – Tim Snider
- Mining Operations – David Naccarati
- Project Overview – Tim Snider
- Primary Molybdenum and Process Technology – John Marsden
- Exploration – Rich Leveille
- Financial Overview – Ramey Peru
- Conclusion – Steve Whisler
  - Questions and Answers

Introduction

J. Steven Whisler

Chairman and Chief Executive Officer

Safety – A Key Indicator of Operating Excellence



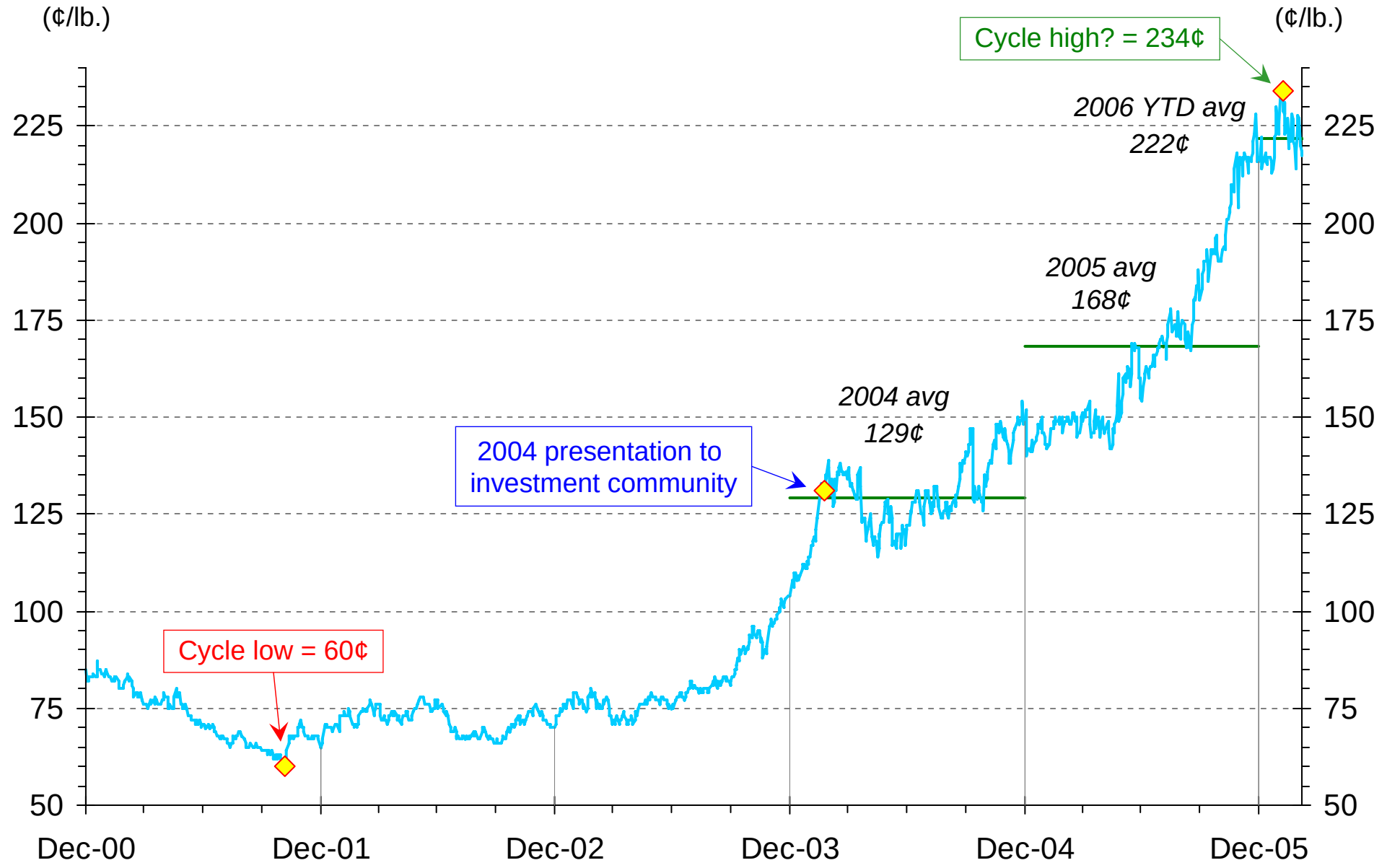
Phelps Dodge Today

- A world leader in copper, moly production
- Founded in 1834, headquartered Phoenix, AZ
- 125th anniversary in copper mining
- 2005 results
  - Sales = $8.3 billion
  - Record net income = $1.56 billion ($15.37 per share)
  - Record cash flow from operating activities = $2.22 billion (before contributions to pensions and trusts totaling $450 million)
  - Total assets = $10.4 billion (12/31/05)
- Focused on shareholder value creation
  - ~$14 billion in market capitalization (3/10/06)
  - $1.5 billion capital return program under way

Copper Market

Arthur R. Miele
Senior Vice President, Marketing

COMEX Copper Price

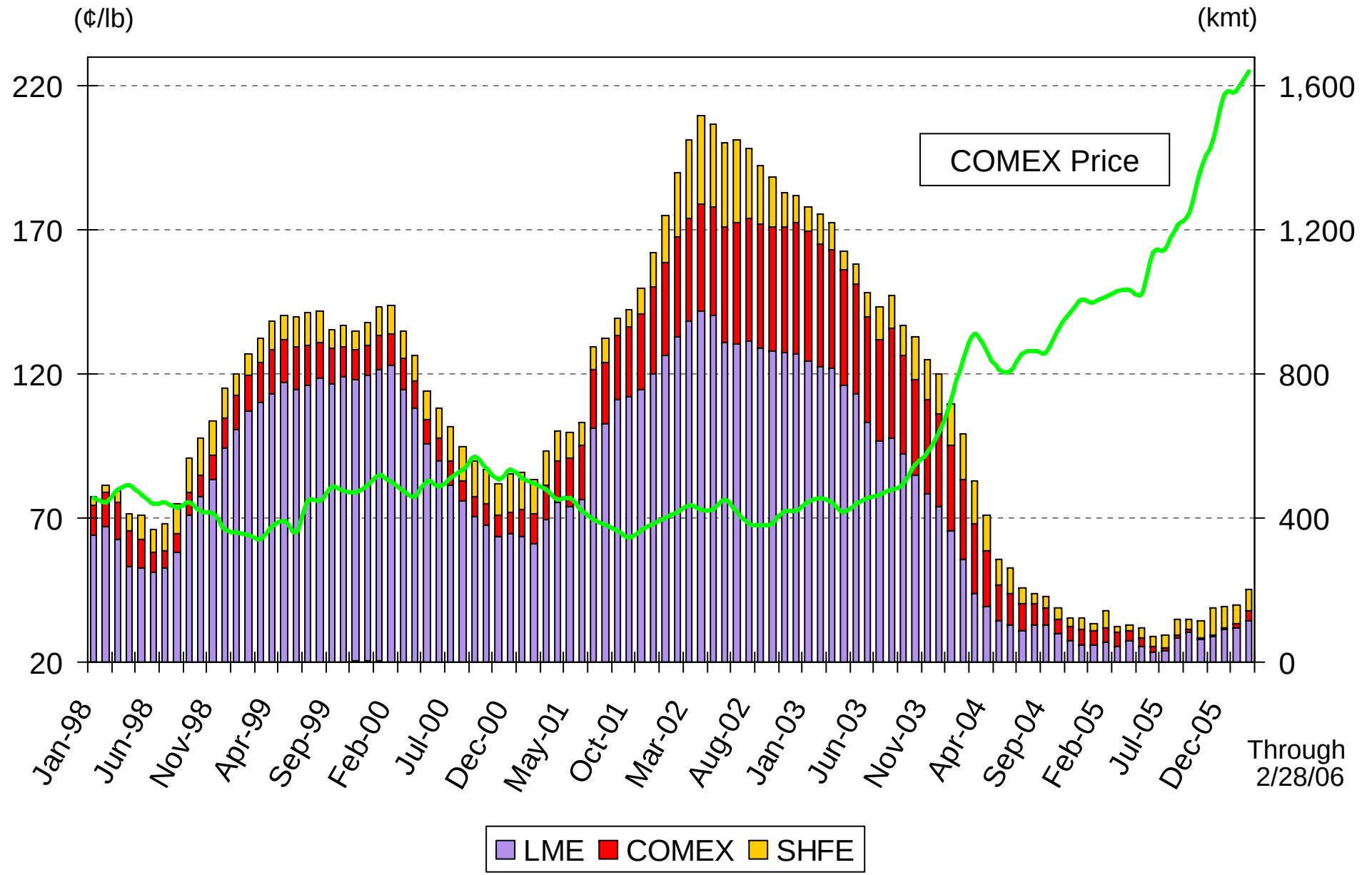


2004 to 2006 – Higher Deficits, Lower Inventories

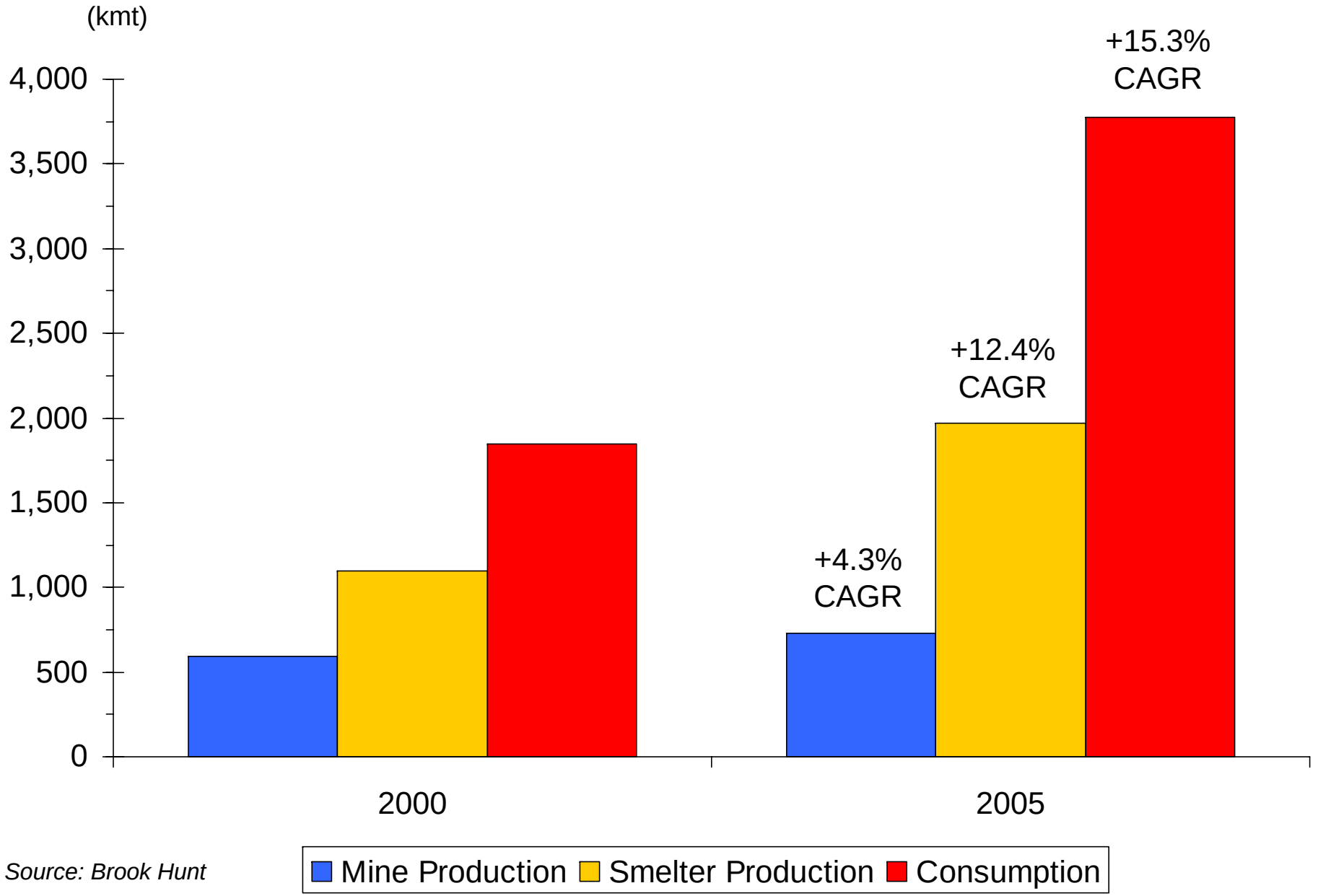
March 2004 presentation	2004	2005	2006
Inventory change (kmt)	(500)	(140)	0
Weeks of consumption in inventory	4.4	3.8	3.7

Current view	2004	2005	2006
Inventory change (kmt)	(800)	(175)	~
Weeks of consumption in inventory	3.4	< 3.0	~ 3.0

Inventories and Exchange Prices – Inventories Centered in Asia



Chinese Consumption Outpaces Production



Source: Brook Hunt

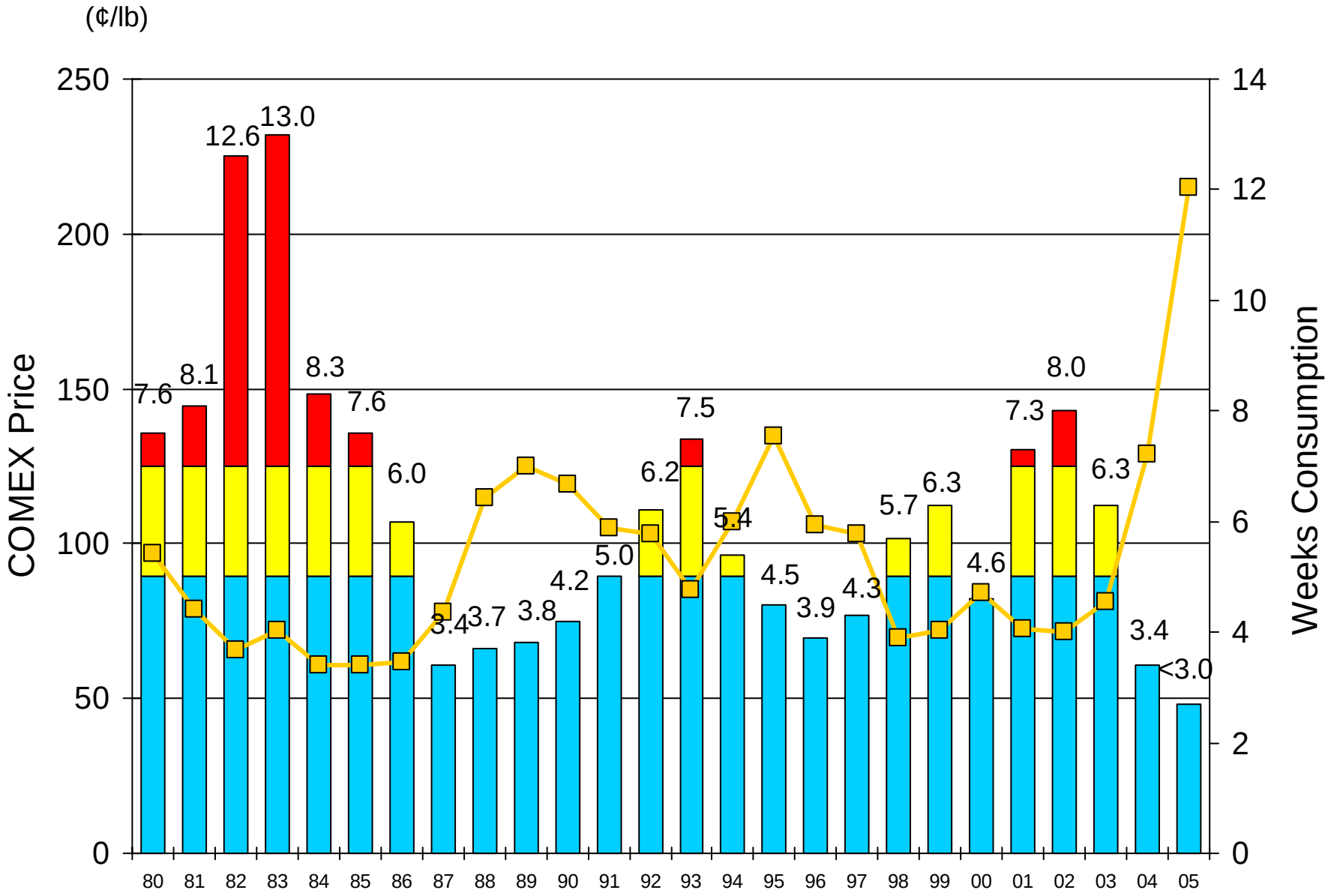
Production Shortfalls in 2005 Throughout Production Chain

(Kmt)	December 2004 Forecast	December 2005 Estimate	Difference
Concentrate production	13,241	12,310	(931)
Smelter production	13,803	13,227	(576)
Refinery production	17,504	16,694	(810)

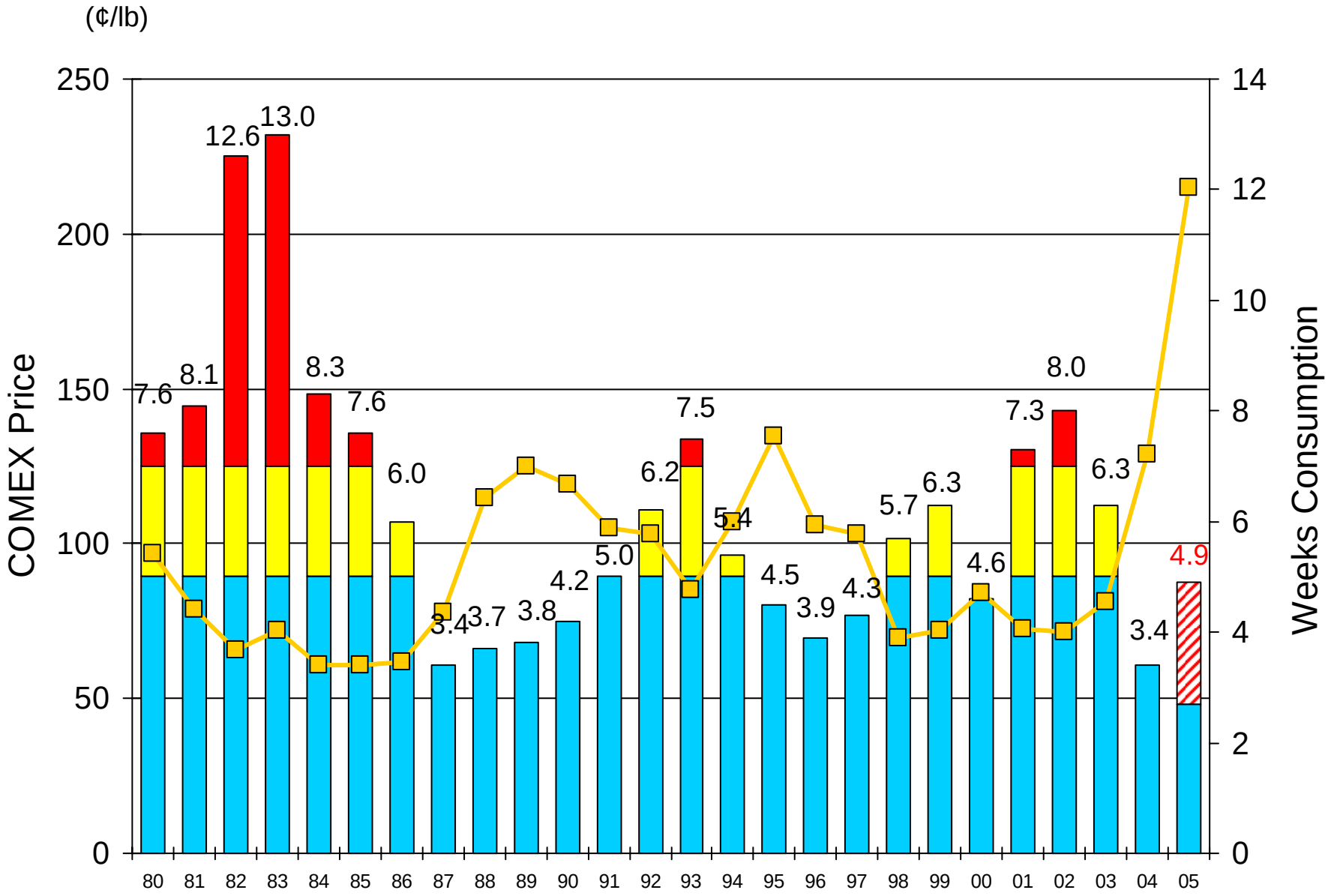
Lost refined production equals ~2.2 weeks of consumption

Source: Brook Hunt

World Inventories Remain at 30-Year Lows

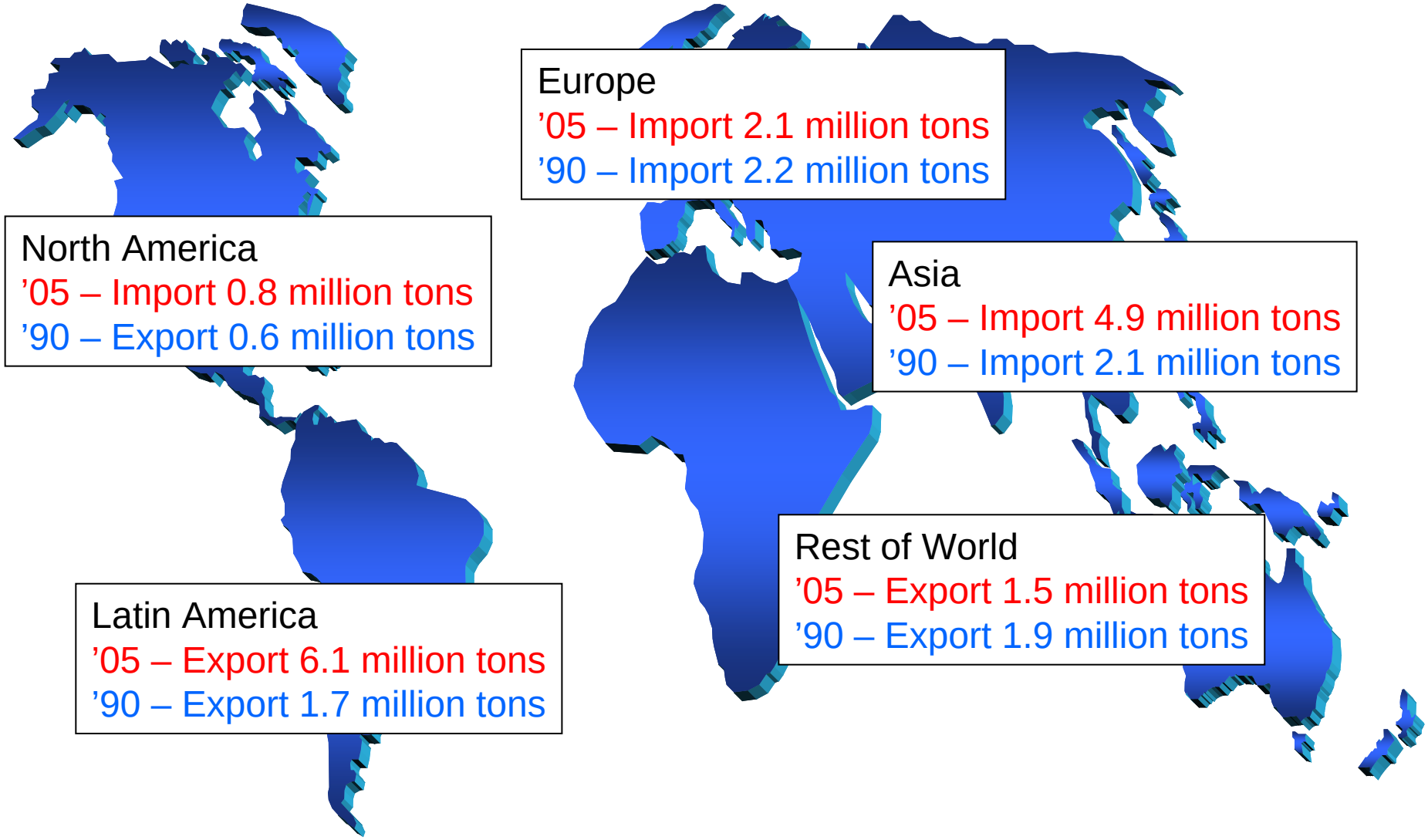


World Inventories – Impact of Disruptions



Changing World Copper Trade Flows – 1990 vs. 2005

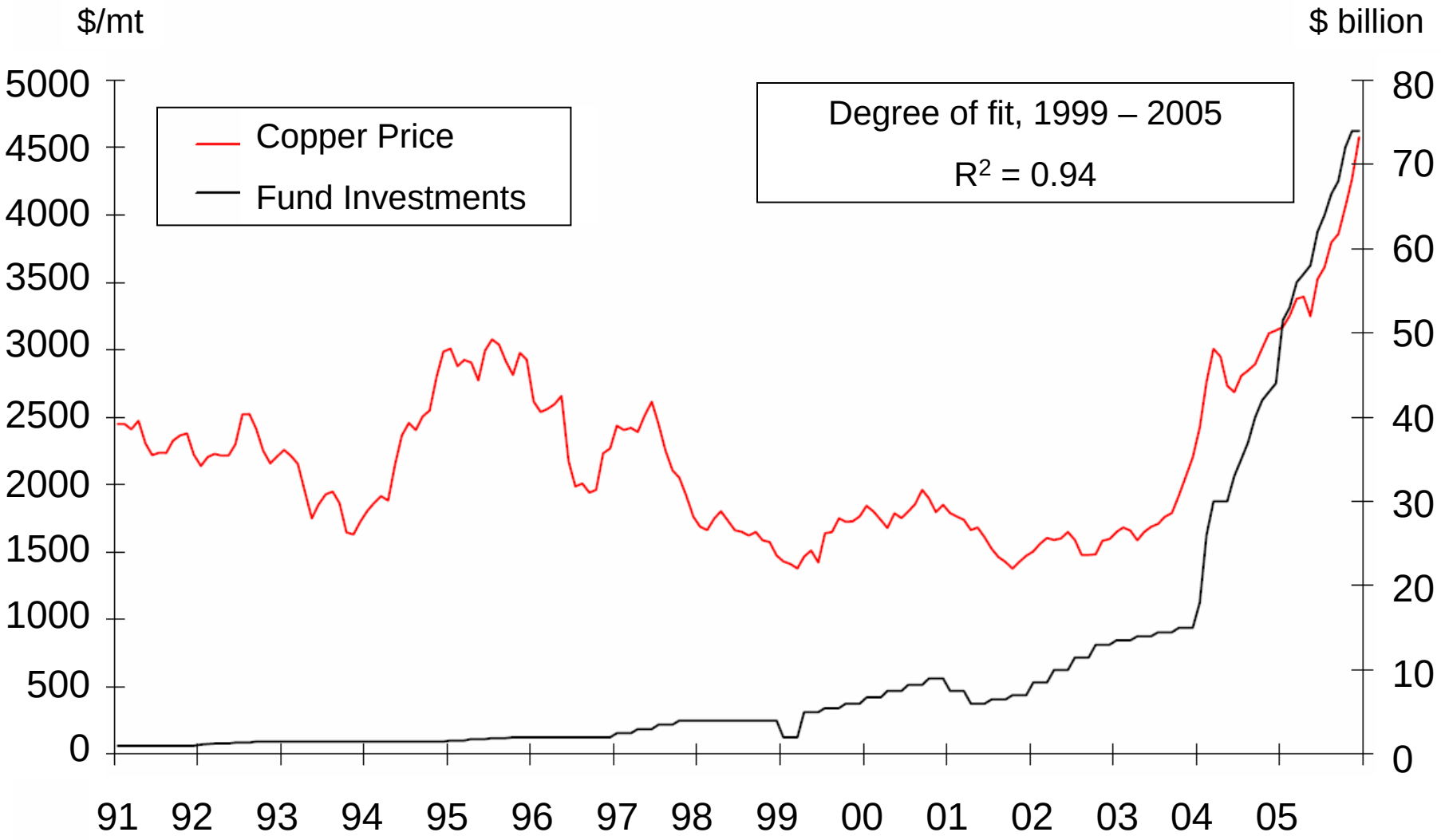
Regional mine production/scrap recovery compared to refined consumption



Source: WBMS and Phelps Dodge

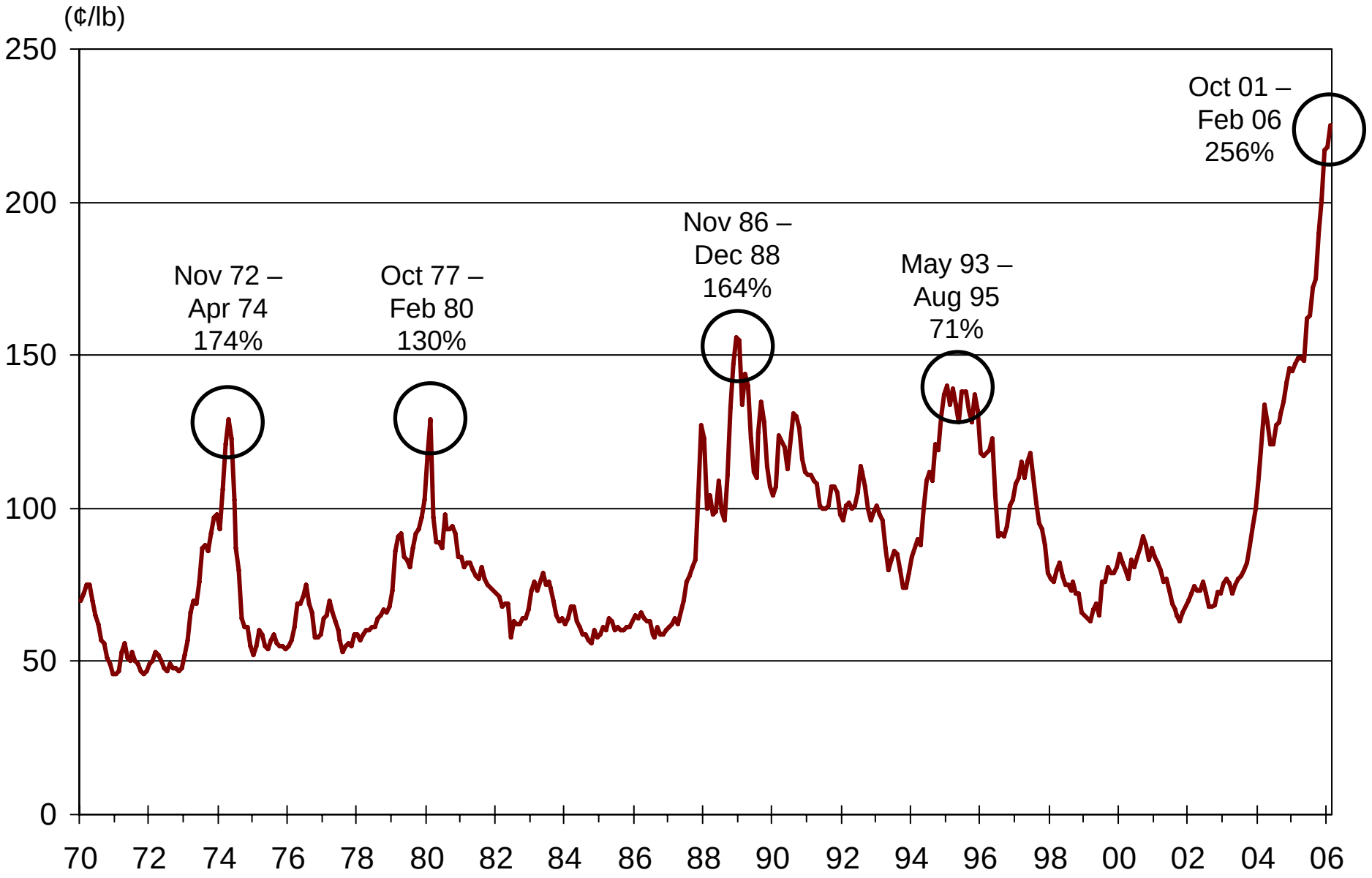
Index Funds Dramatically Increase Exposure to Commodities

Investment in commodity indexes up $65 billion 2002 – 2005

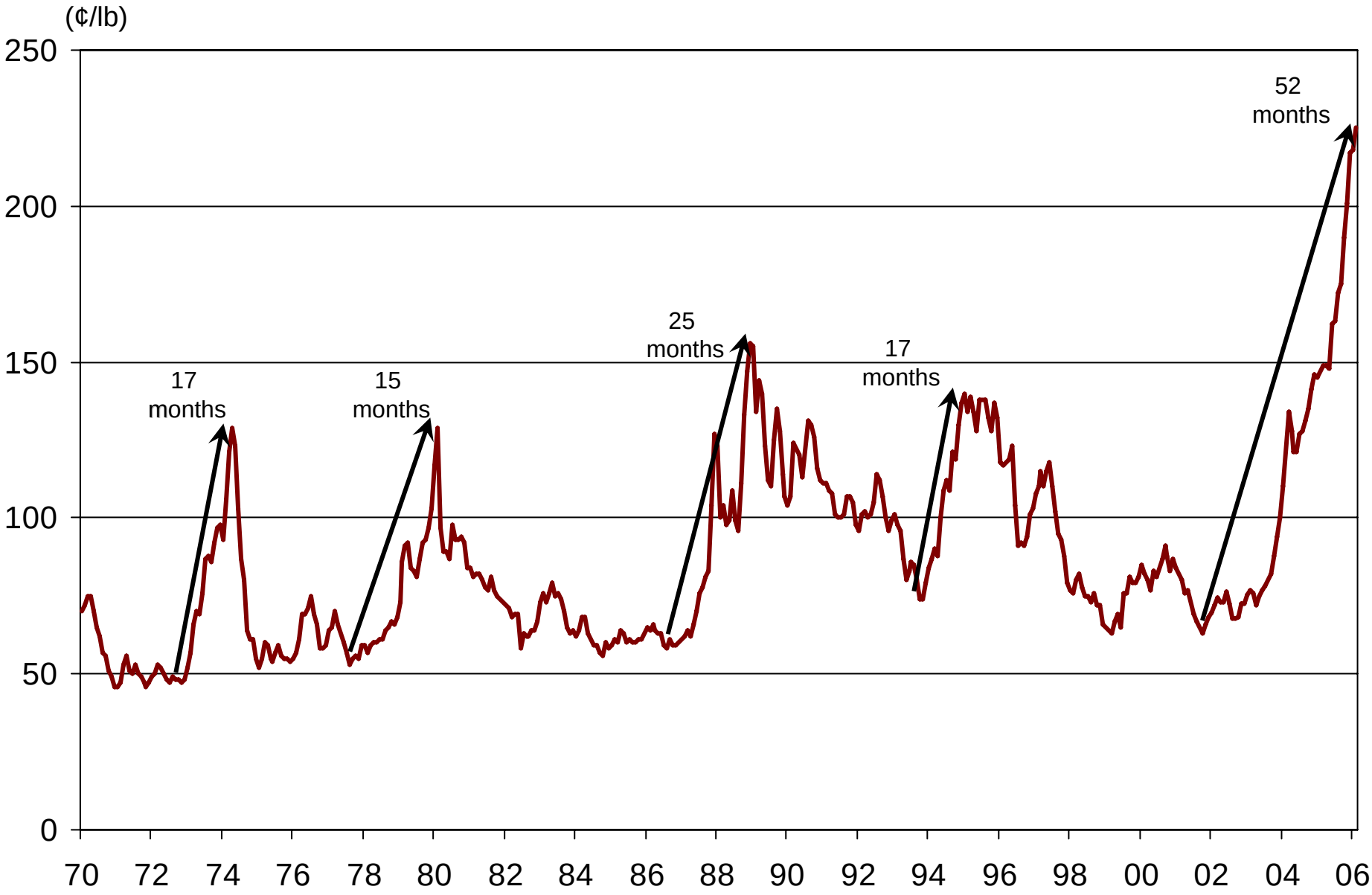


Source: Bloomsbury Minerals Economics

Cyclical Nature of the Copper Market – Uncharted Territory?

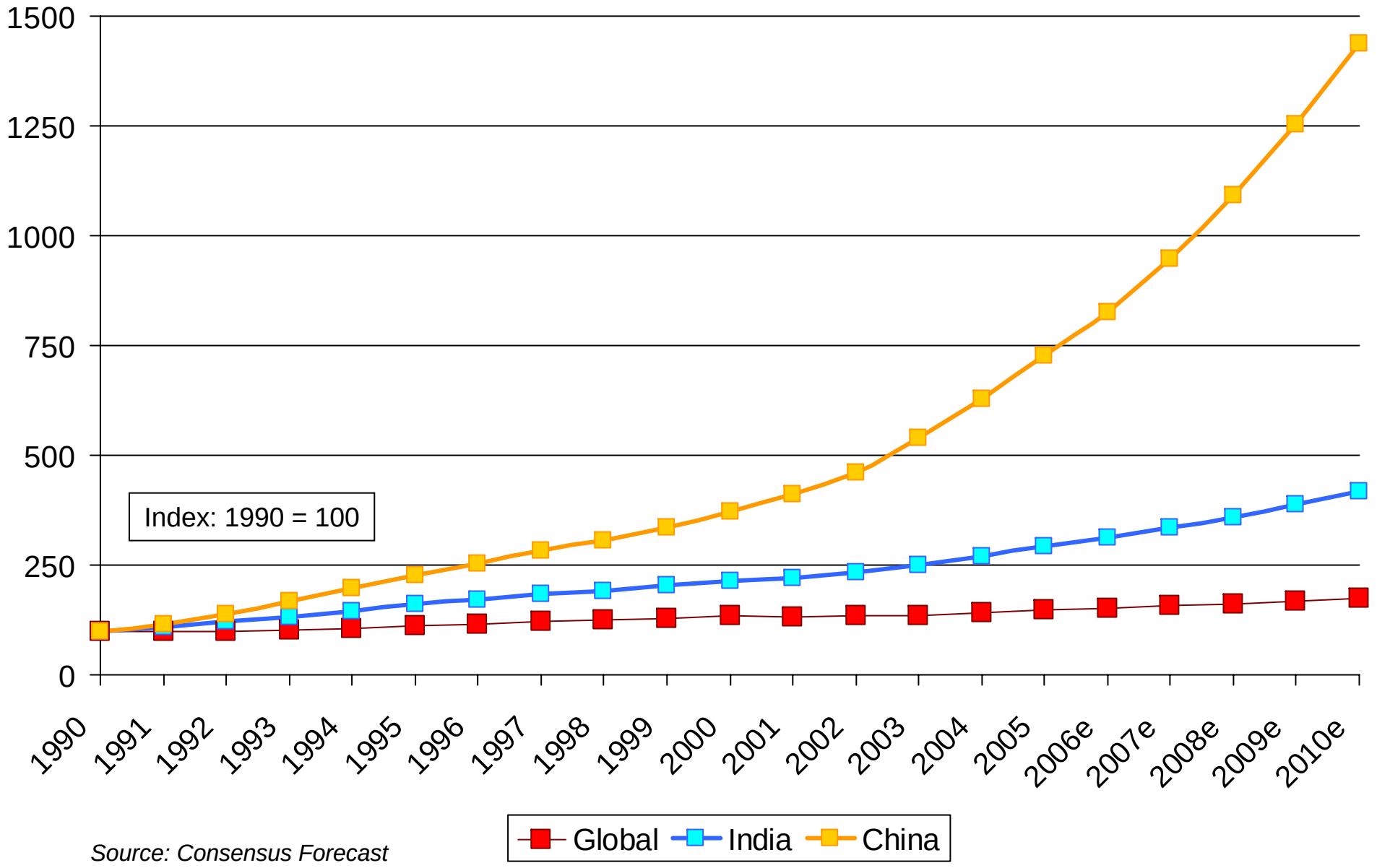


Price Cycle Evolution – Time From Cycle Lows to Highs



Copper Market – Outlook

China Expected to Lead Projected Global IP to 2010



Source: Consensus Forecast

Opportunities and Threats

Opportunities:

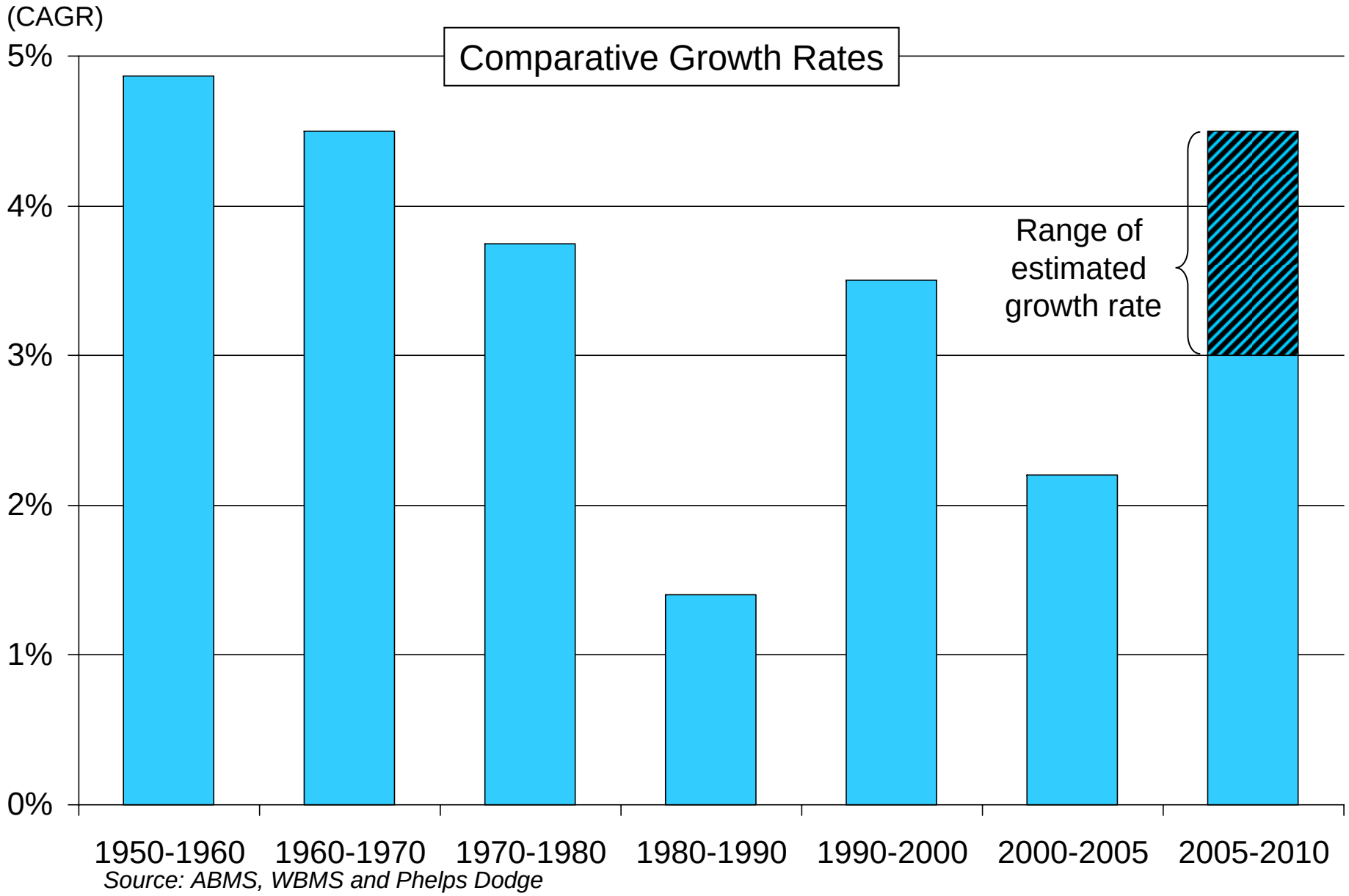
Energy efficiency	Motors and transformers, copper motor rotors
Power quality	Better grounding, circuitry, lightning protection, etc.
Hybrid vehicles	Toyota/Ford/Honda/GM/Gov. requirements
Smart house technology	Integrated systems

Threats:

Plumbing tube	Plastics – lower installed cost
Air conditioning tube	Aluminum – thin-wall technology
Power cable/magnet wire	Aluminum – price related

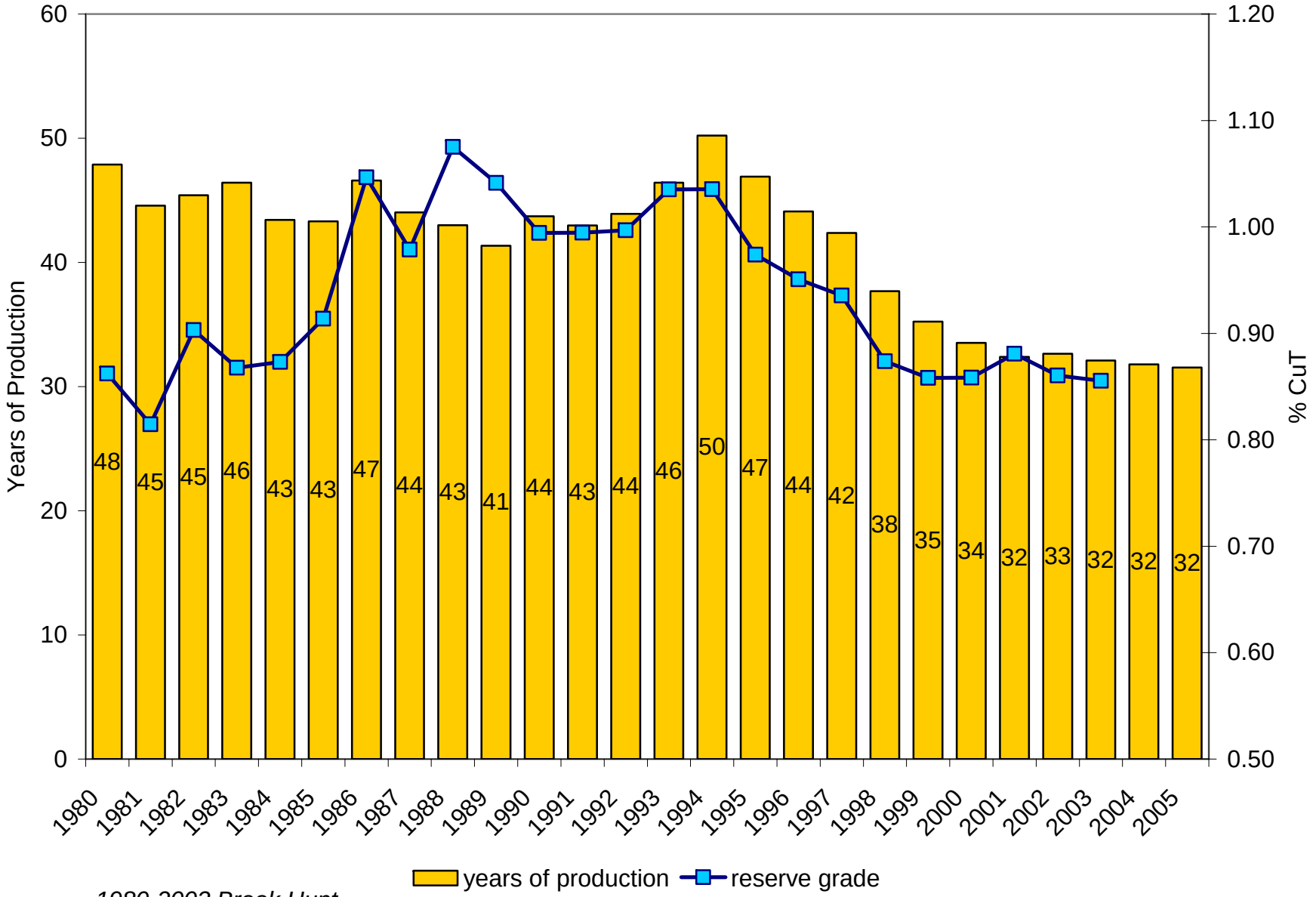
Source: Phelps Dodge

Upside Scenario Led by China and Other Developing Economies



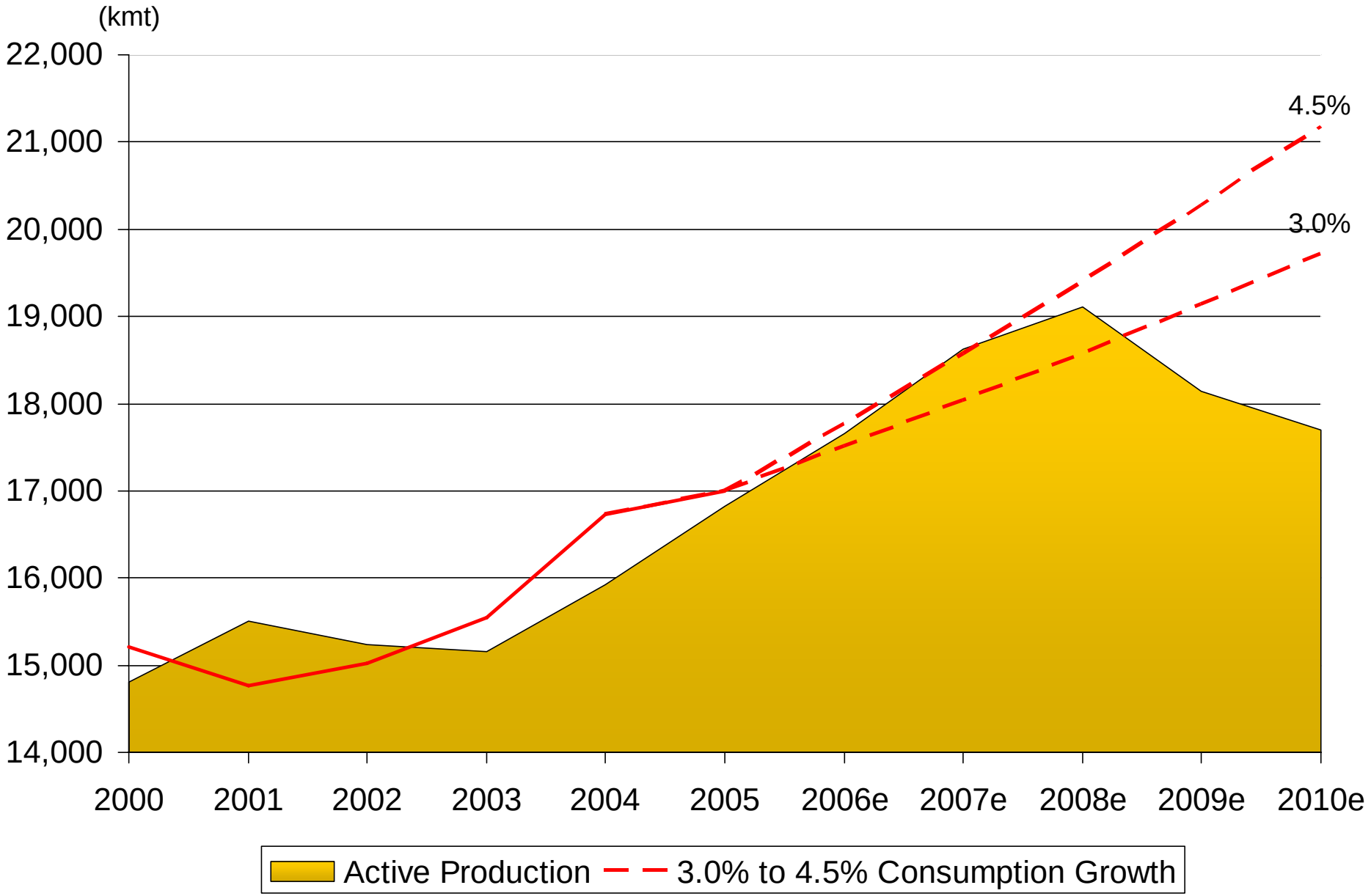
Source: ABMS, WBMS and Phelps Dodge

World Copper Reserves as Years of Production (at current rate)



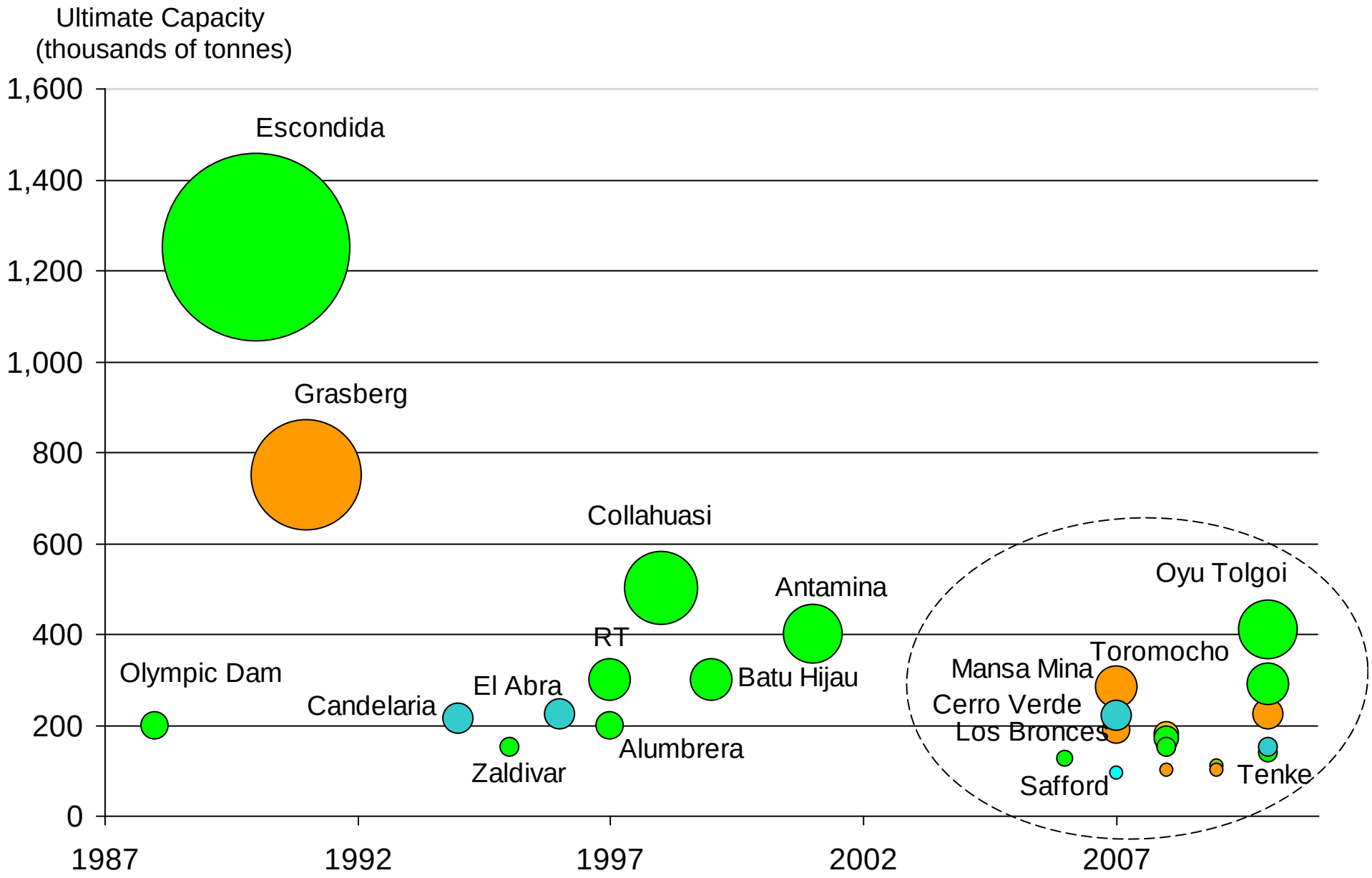
1980-2003 Brook Hunt
2004,2005 USGS

New Production Required to Meet Demand



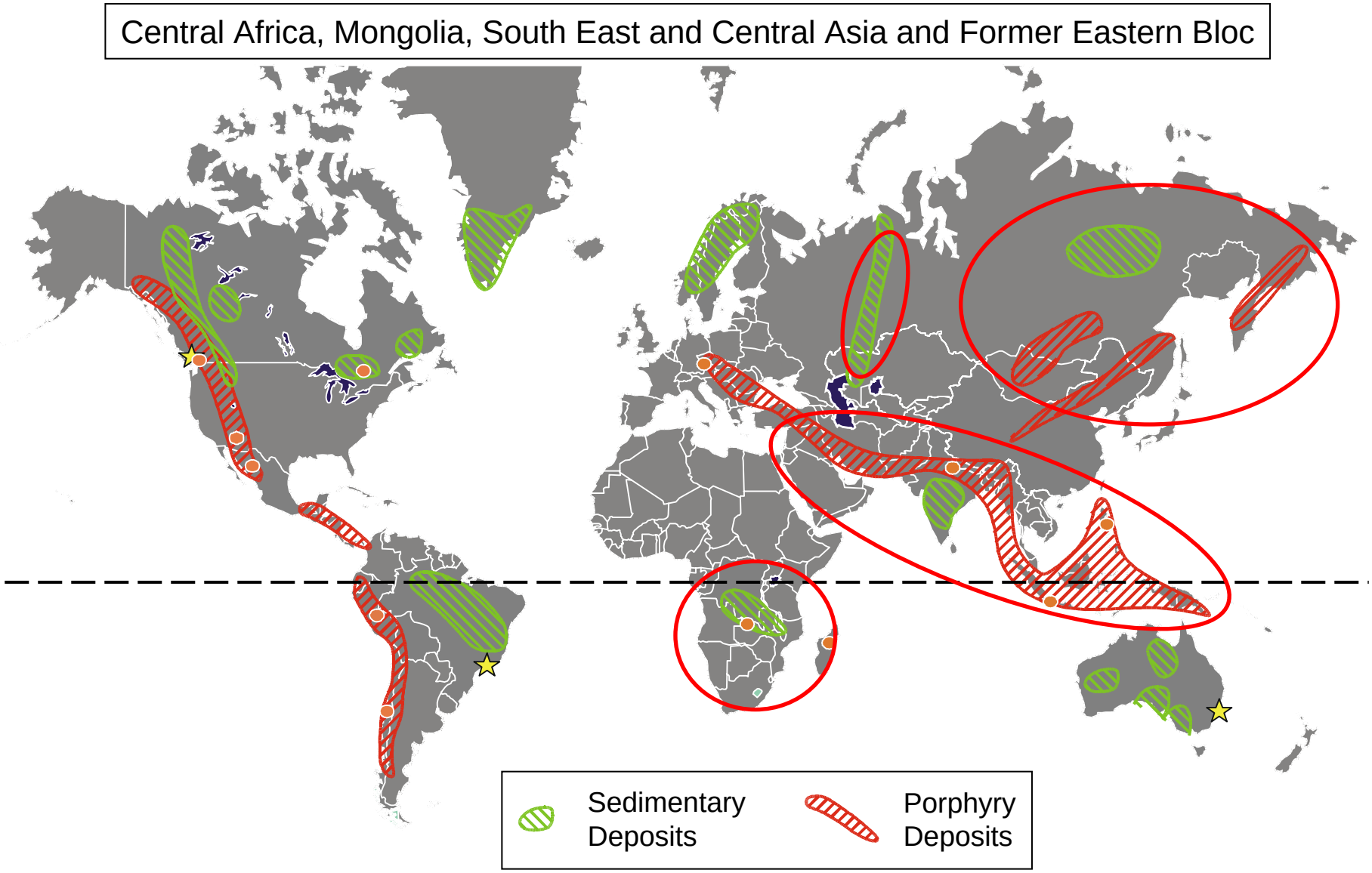
Source: Phelps Dodge

Probable New Mines Fall Short of Requirements



Source: Brook Hunt and Phelps Dodge forecasts

Prospective Regions for Copper



Source: Phelps Dodge

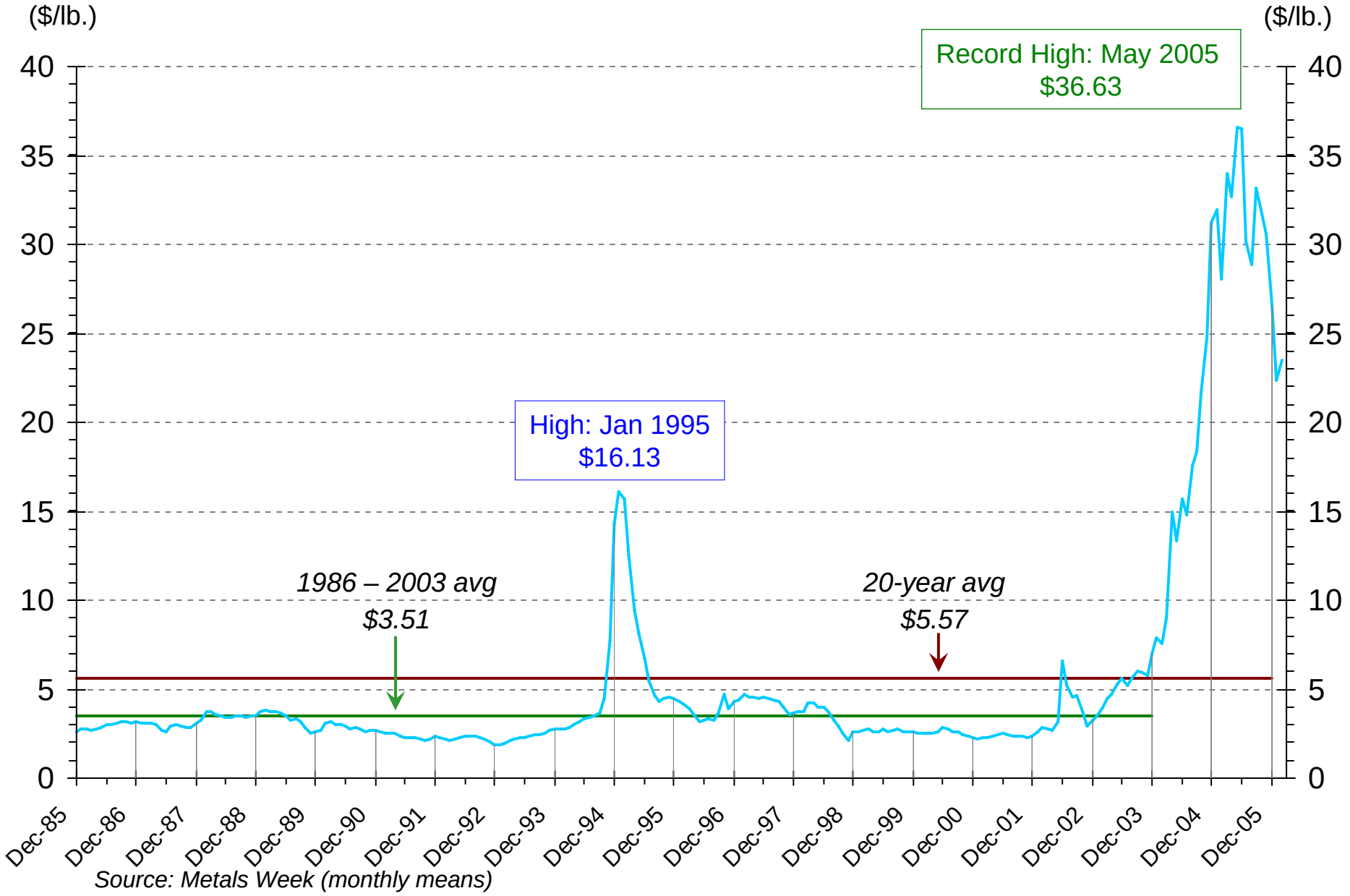
Copper Market Conclusions

- Commodity cycles inevitable but difficult to forecast
  - Economic influence
  - Political events
- Developing countries will drive consumption growth
  - China – dominant copper consumer now; a significant importer of copper for foreseeable future
  - Demand from developing economies expected to lead consumption growth to higher level in next cycle
- Many small projects needed to compensate for lack of mega projects
- New production in riskier geographic areas required to bridge supply gap
- Downstream processing will continue to migrate to fast-growing consumption markets

Molybdenum Market

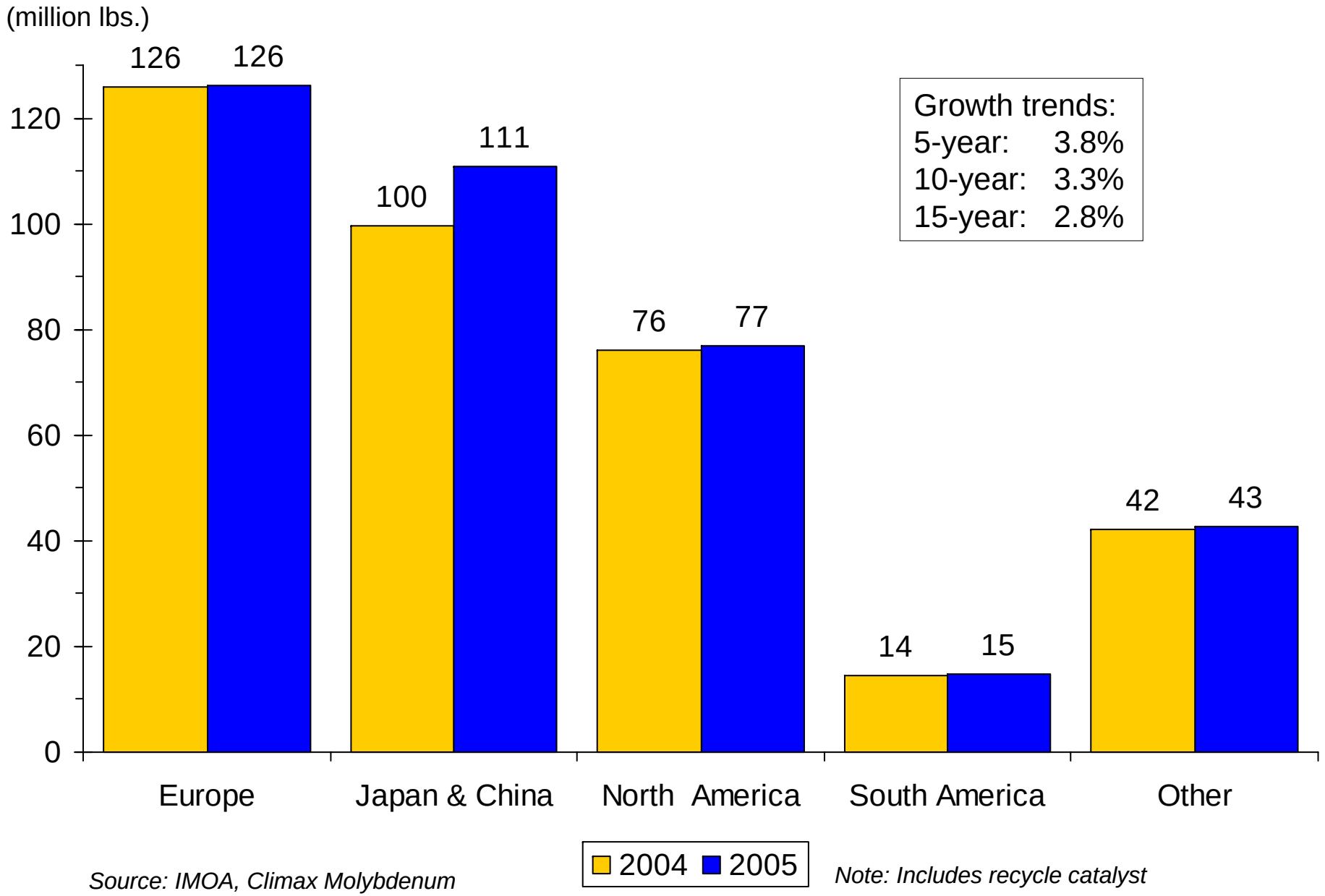
David H. Thornton
President, Climax Molybdenum

Molybdenum Prices Rise to Record Levels



Source: Metals Week (monthly means)

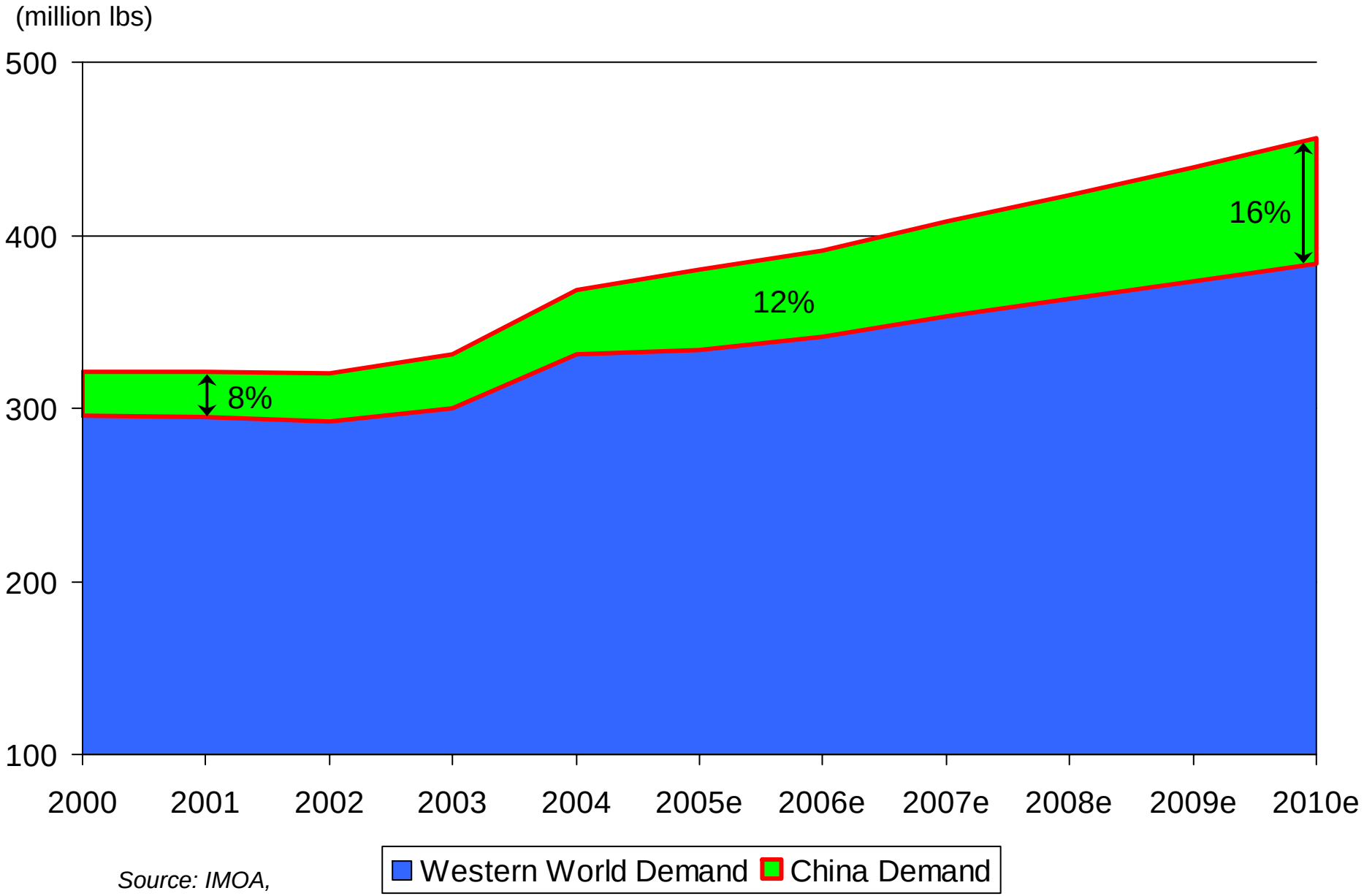
Estimated Consumption by Region



Source: IMOA, Climax Molybdenum

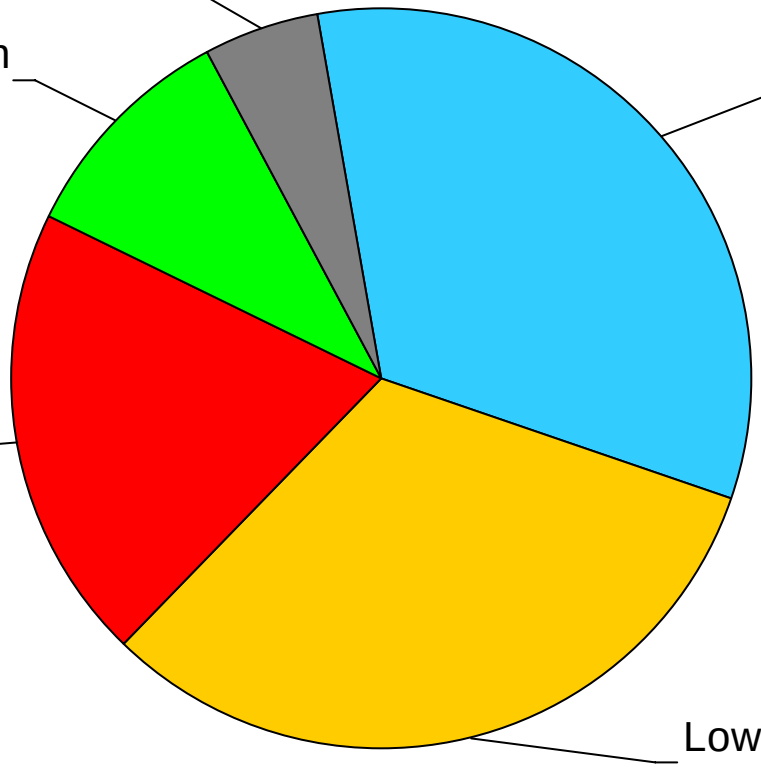
Note: Includes recycle catalyst

China Demand Drives Future Molybdenum Growth



Source: IMOA, Climax Molybdenum

Molybdenum Market – Consumption Sectors



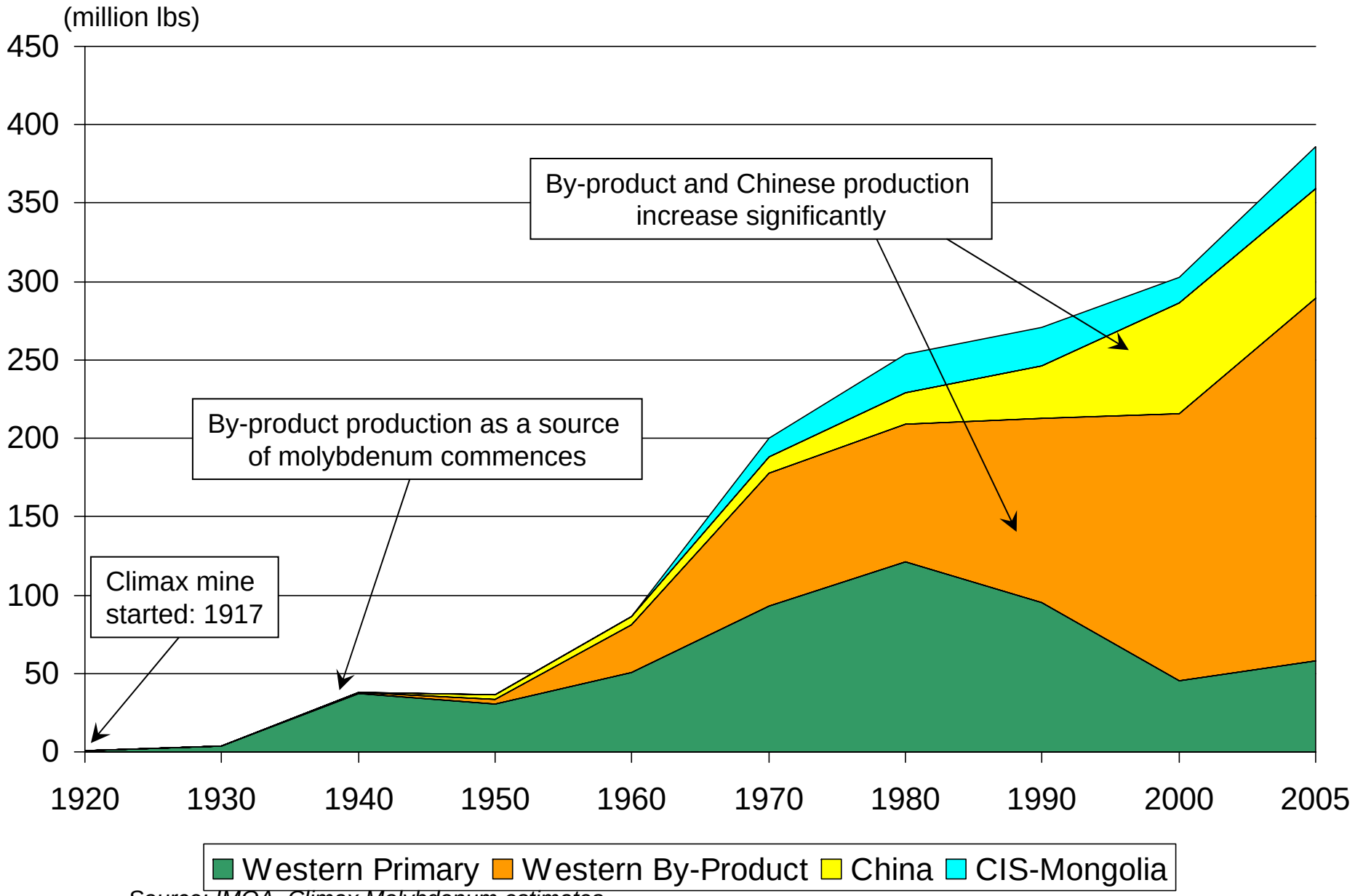
Molybdenum Market Demand Trends

- Metallurgical (80%)
  - Demand driven by overall steel industry growth
    - Largest segment – stainless steels and super alloys
    - Architecture, building, construction (ABC)
    - Oil and gas industry
    - Food and chemical processing
    - Aerospace and power generation
- Chemicals (20%)
  - Strong growth in hydrodesulfurization catalyst segment
    - Low sulfur fuel requirements (Japan, EU, USA)
    - Lower oil feedstock quality (high sulfur crudes)
  - Solid growth in lubricant segment (engine oils and greases)
  - Sinter segment (molybdenum metal powders) – growth volatile, production shifting to Asia (flat panel displays)
  - Prolonged high prices bring substitution into play for some applications

Substitution Risk for Molybdenum

- At risk segments primarily in chemical applications
  - Highly price sensitive
    - Lubricants and engine oil additives
    - Water treatment
    - Spray coatings (powders – sinter segment)
  - Moderately price sensitive
    - Thermal management/electronics (powders/metal – sinter segment)
    - Super alloys (powders – sinter segment)
    - Flat panel displays (powders – sinter segment)
    - Hydrodesulfurization catalyst
- Minor substitution risk in metallurgical applications
  - Steel producers generally currently able to pass increased costs to customers

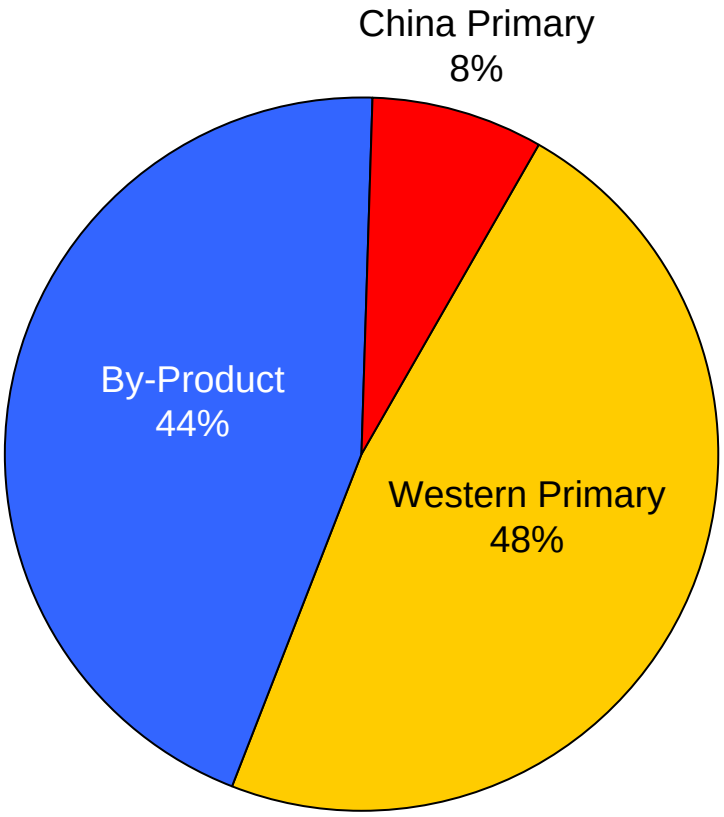
Molybdenum Production History



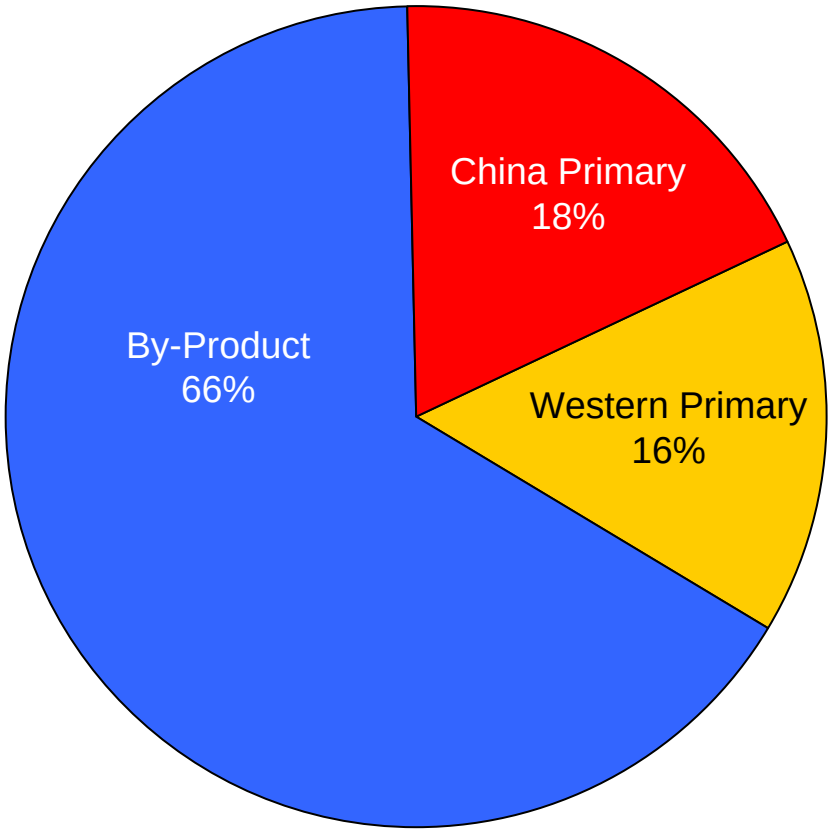
Source: IMOA, Climax Molybdenum estimates

Moly Supply Growth Trend, By-product and China

1980

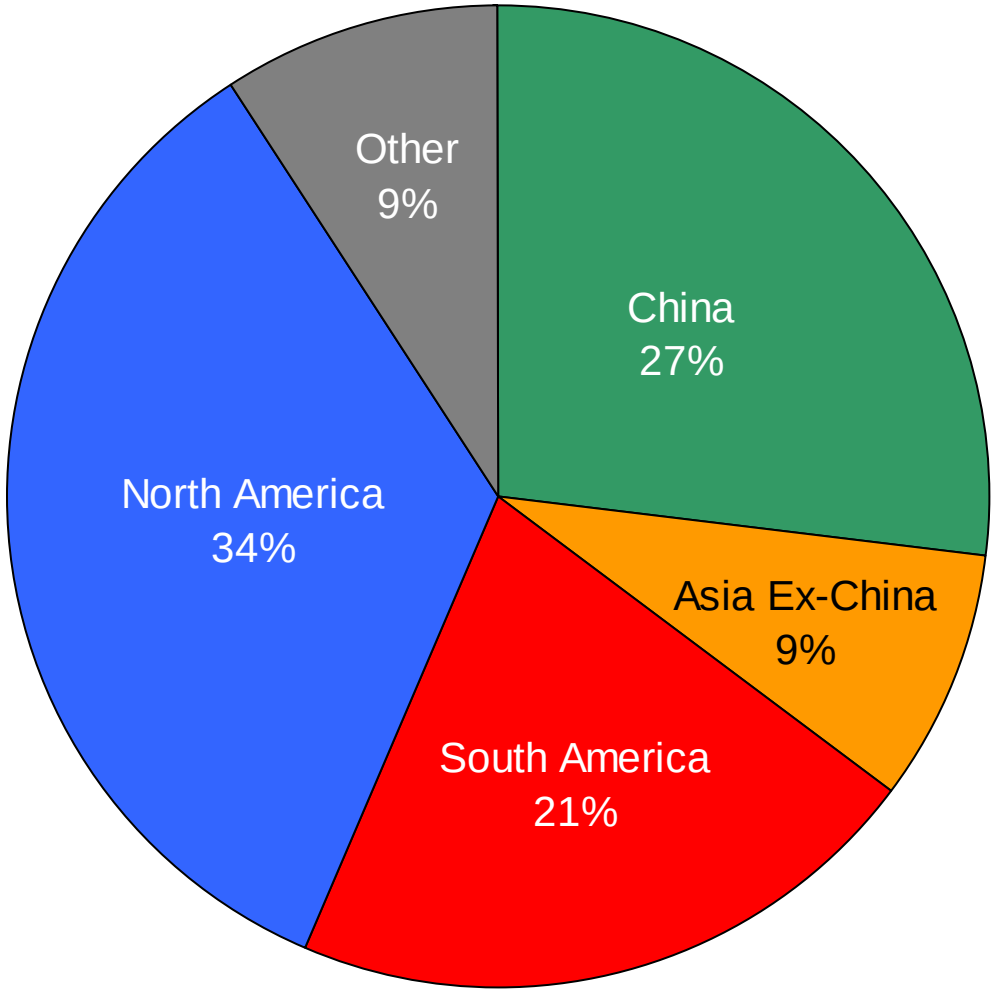


2005



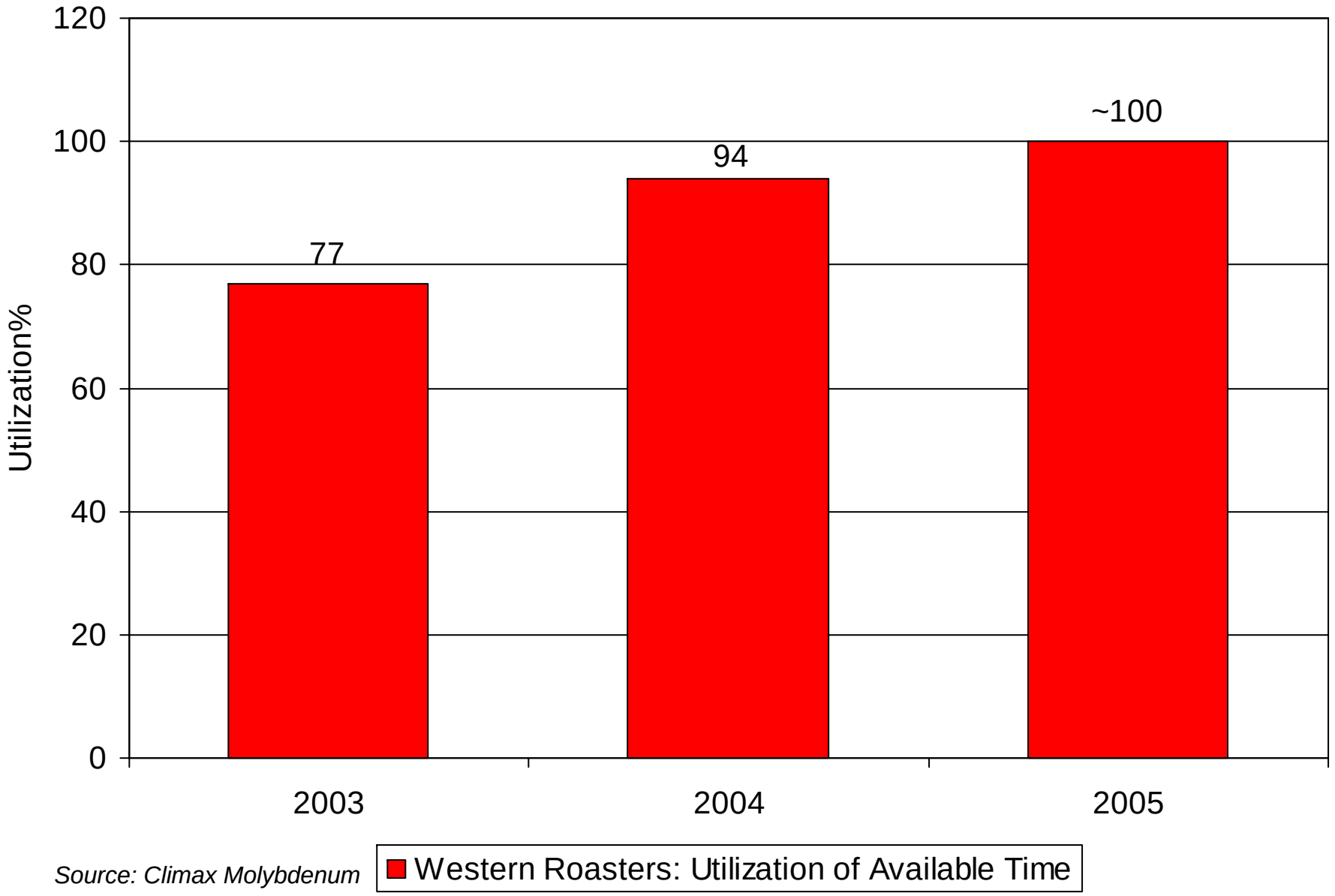
Source: IMOA, Climax Molybdenum

Global Molybdenum Reserves Mostly in the Americas and China



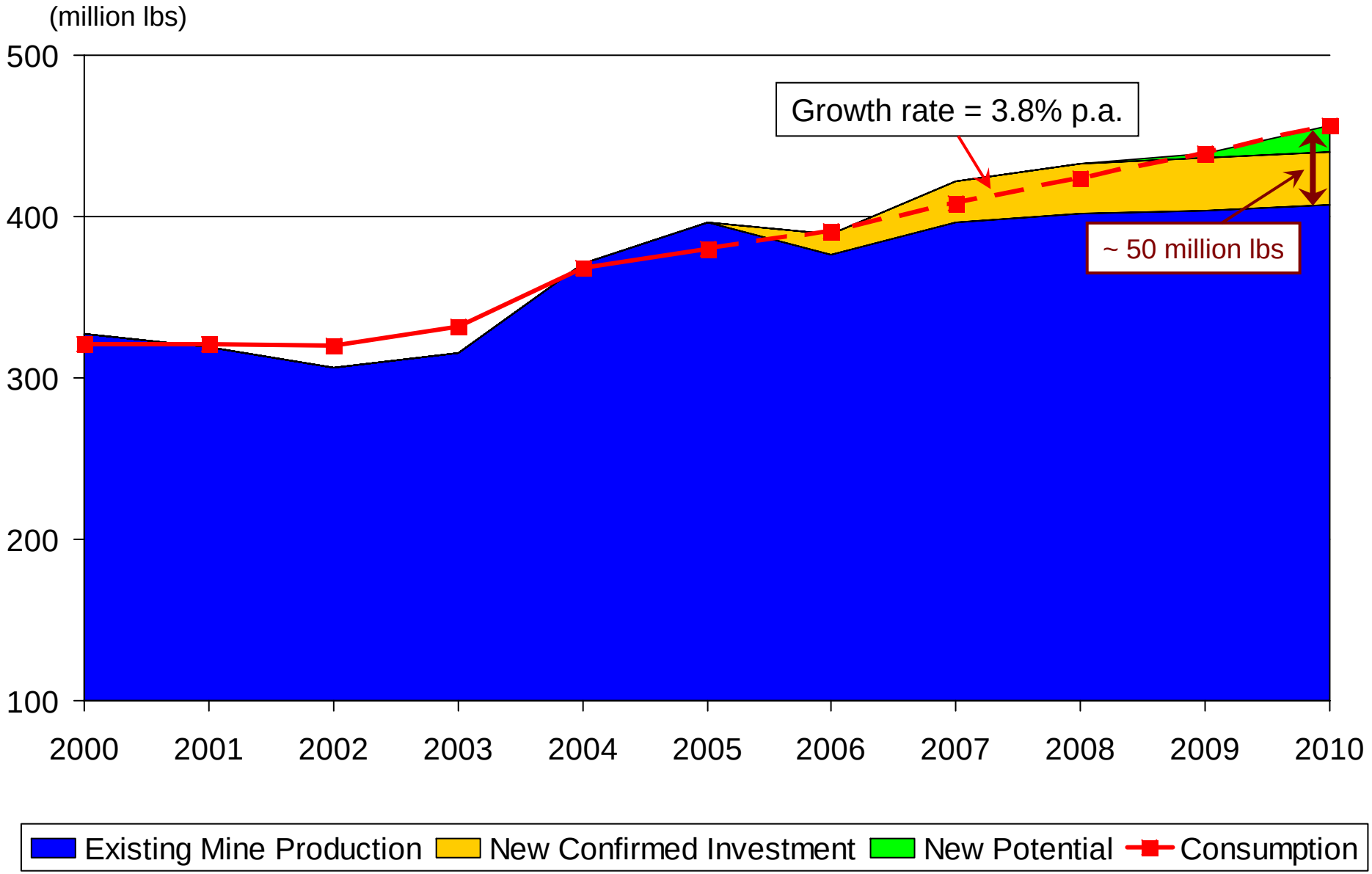
Source: USGS, Climax Molybdenum

Estimated Western Roaster Utilization Rates



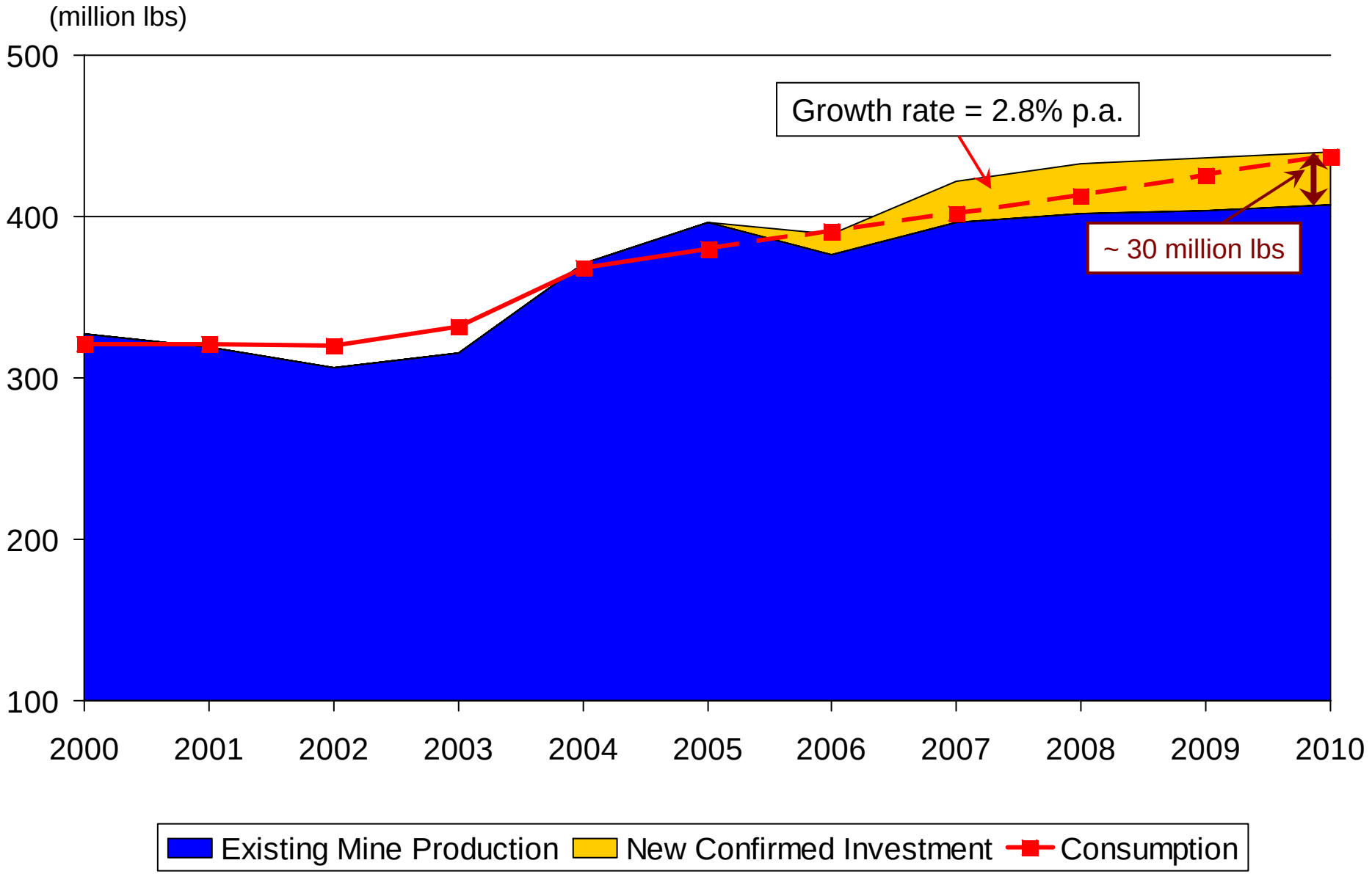
Source: Climax Molybdenum

New Production Required to Support Growth



Source: IMOA, Climax Molybdenum

New Production Required to Support Growth



Source: IMOA, Climax Molybdenum

Supply Overview

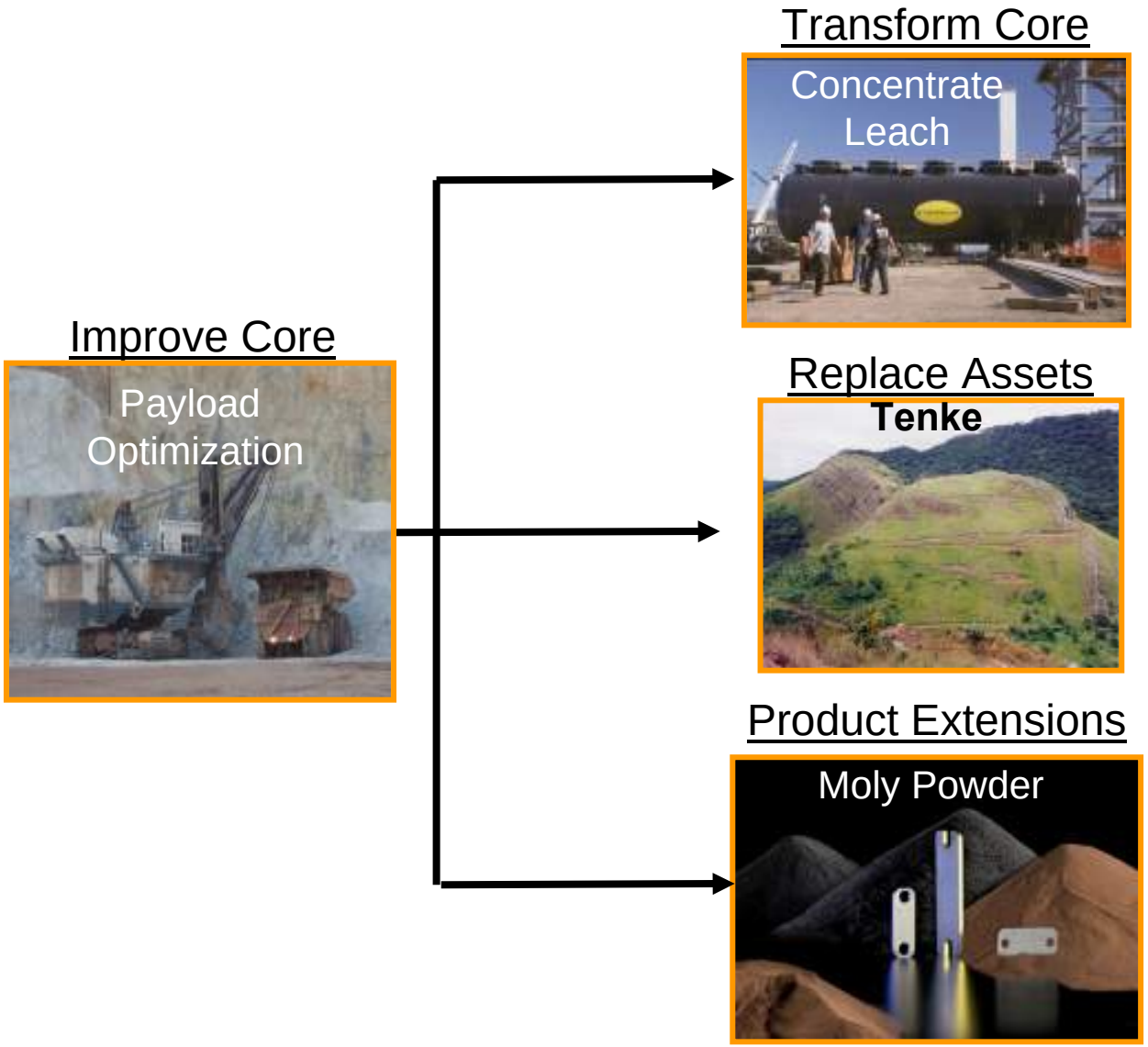
- Western concentrates in surplus
- Western roasting in deficit; additional capacity planned
- Chinese production disruptions in 2005
- Tight inventories of finished goods
- Strong demand being met by increased supply, mostly by-product
- New by-product production investment underway
- New production capacity required to meet projected demand growth through 2010

Operations Overview

Timothy R. Snider

President and Chief Operating Officer

Improving the Core Enables Growth

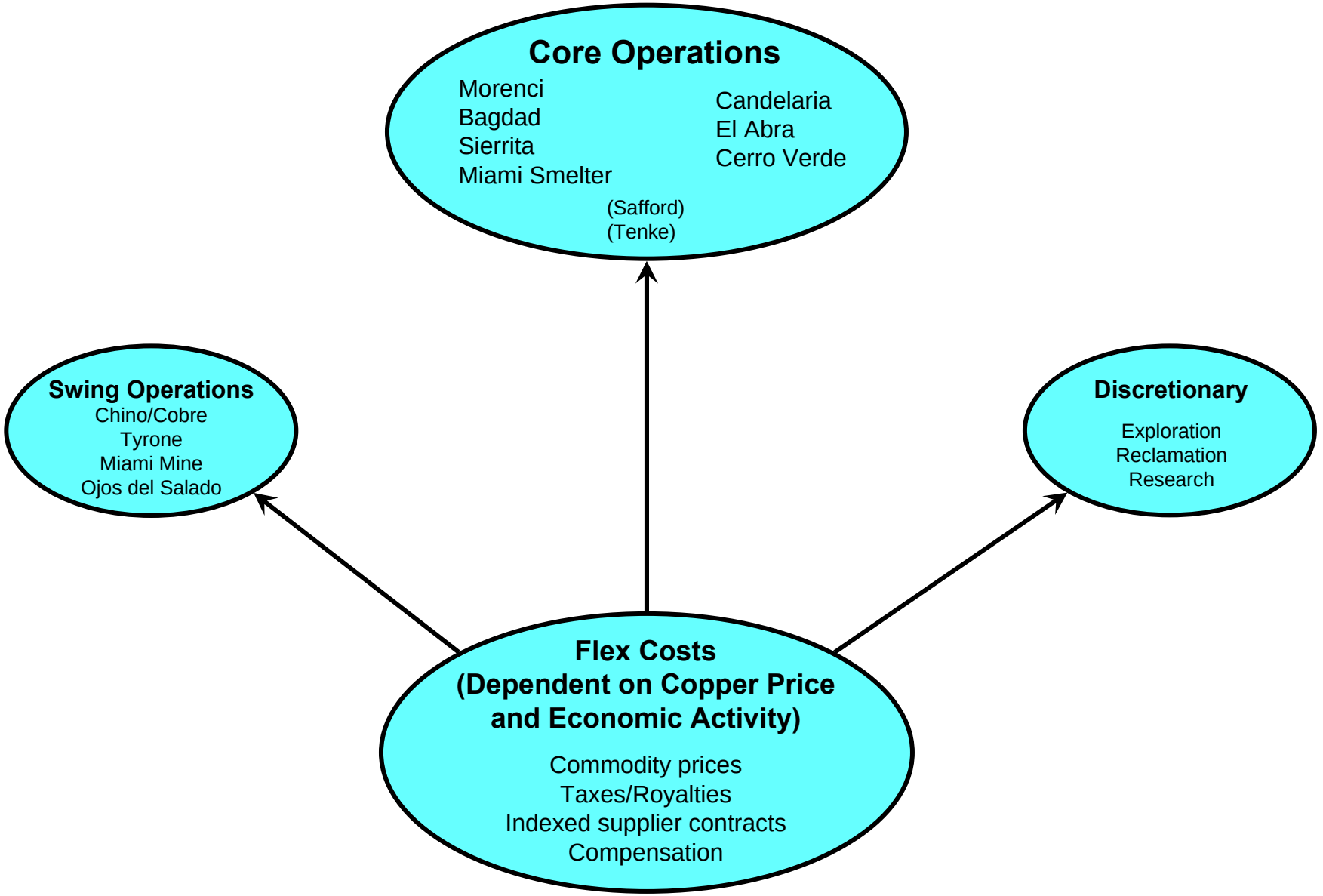


Mining Operations

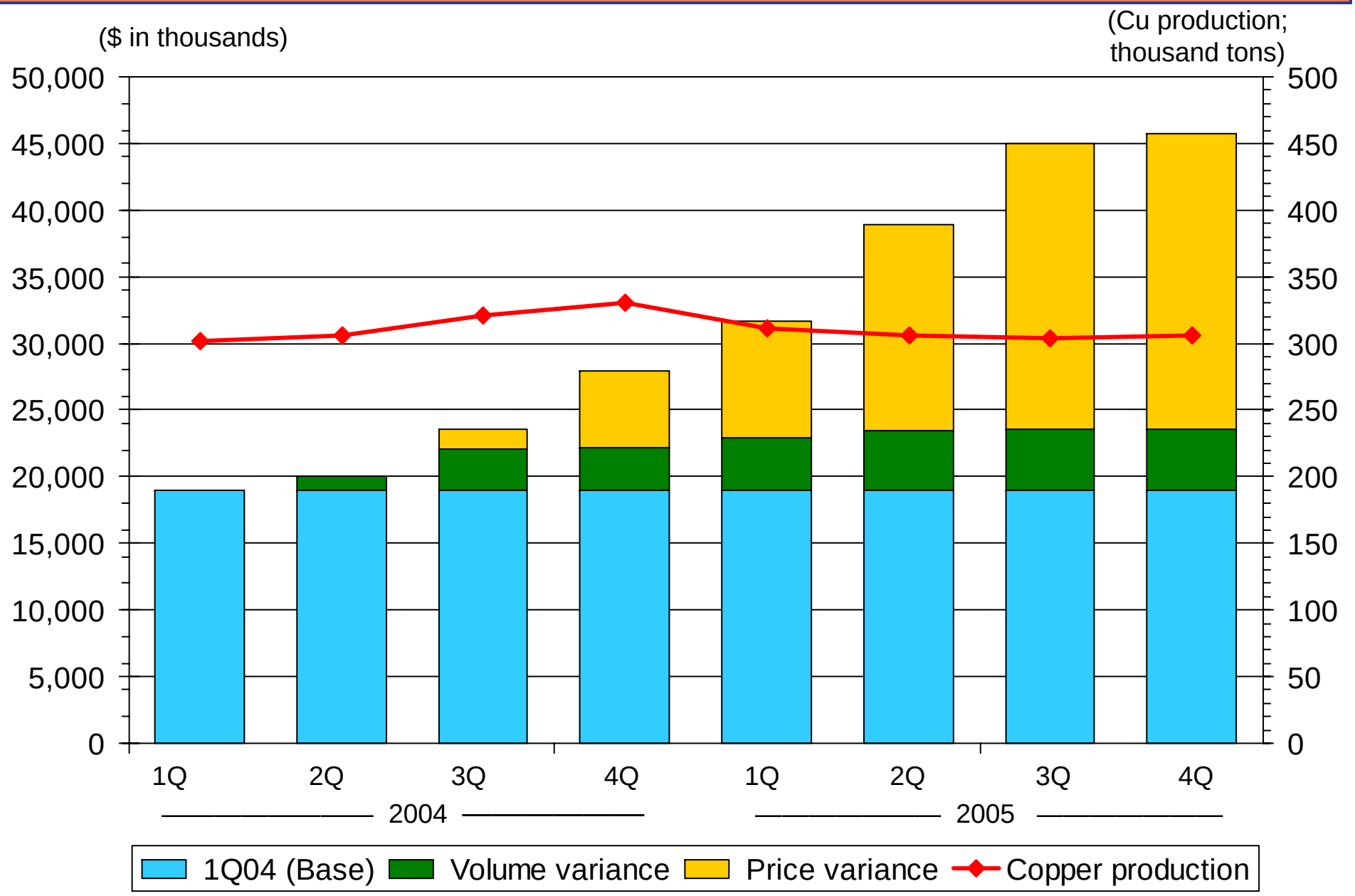
David C. Naccarati

President, PDMC

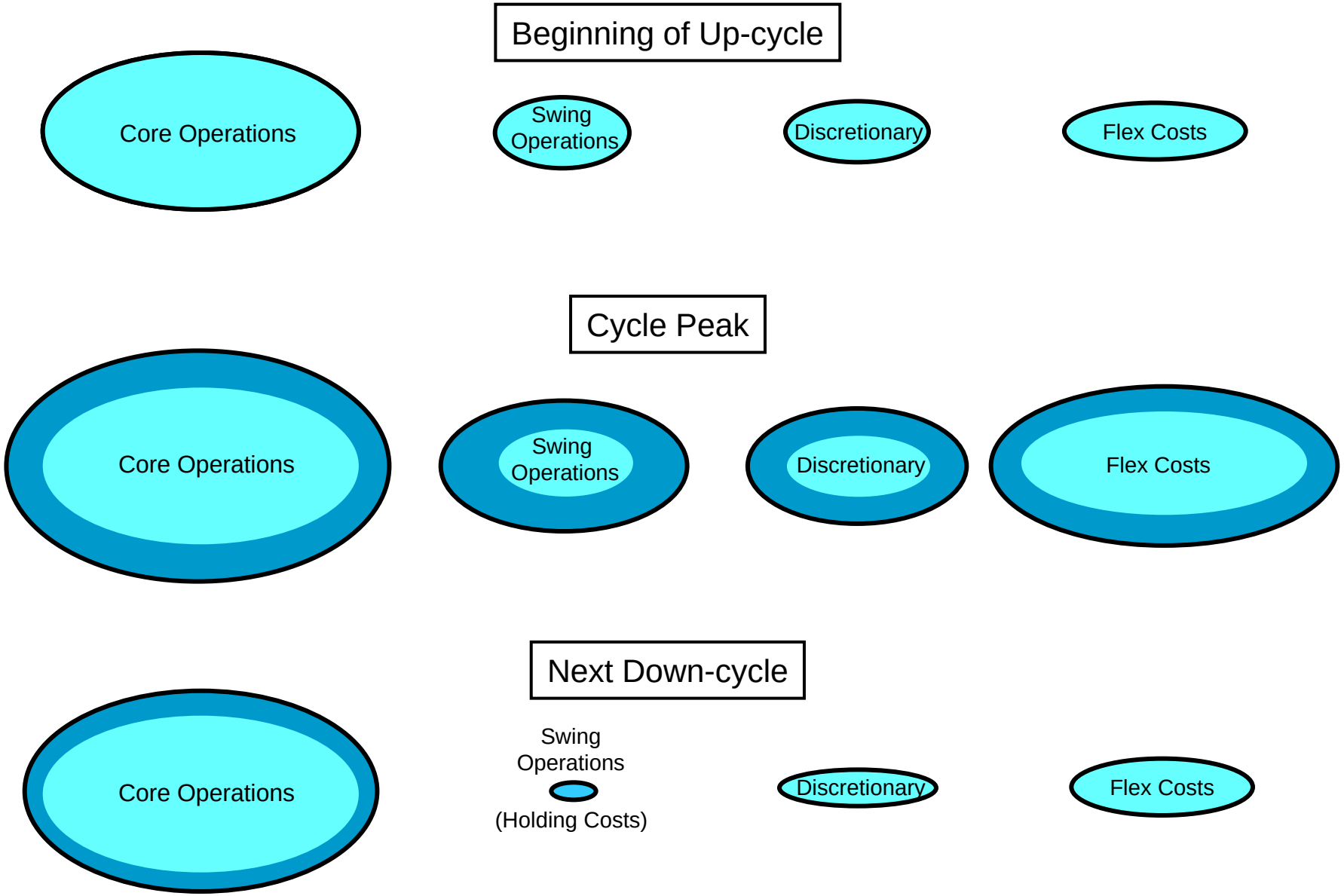
PDMC Cost Structure



Diesel Fuel Cost – Price and Volume Variances Over 1Q04 Base



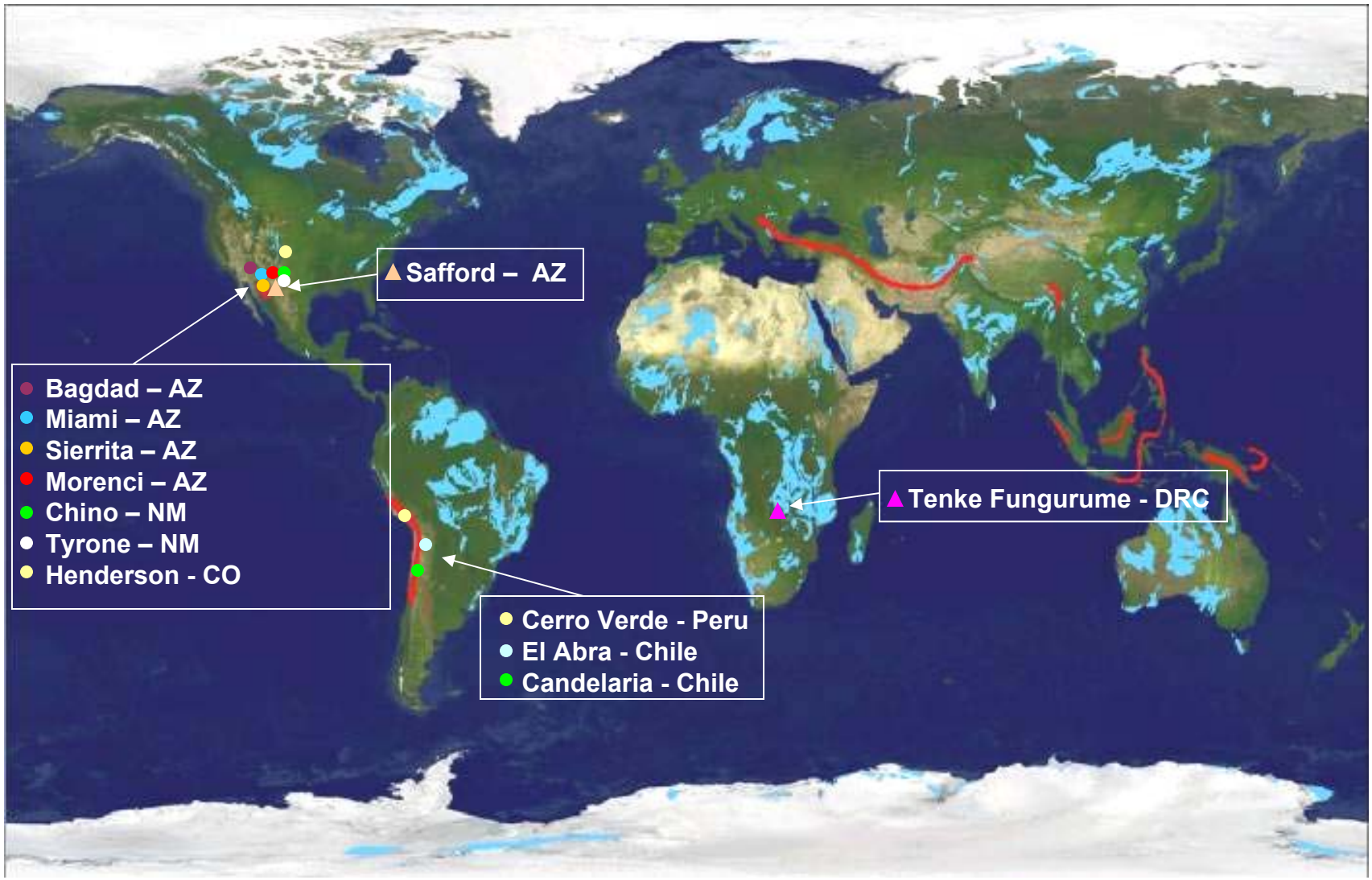
PDMC Cost Structure – Through the Cycle



2005 vs. 2004 Costs

- Swing operations contributed to a disproportionate percentage of the increased costs in 2005 vs. 2004
  - Core – approximately 85% of production and 67% of spend variance
  - Swing – approximately 15% of production and 33% of spend variance
- Breakdown of increased costs
  - 25% – Maintenance and outside services
  - 23% – Energy
  - 18% – Freight/Treatment and refining charges
  - 17% – Operating Supplies
  - 15% – Labor
  - 2% – Other
- Molybdenum price increase has more than offset operational cost increases
- Overall impact
  - Approximately 30-40% of increase due to activity
  - Approximately 60-70% of increase due to flex cost increase

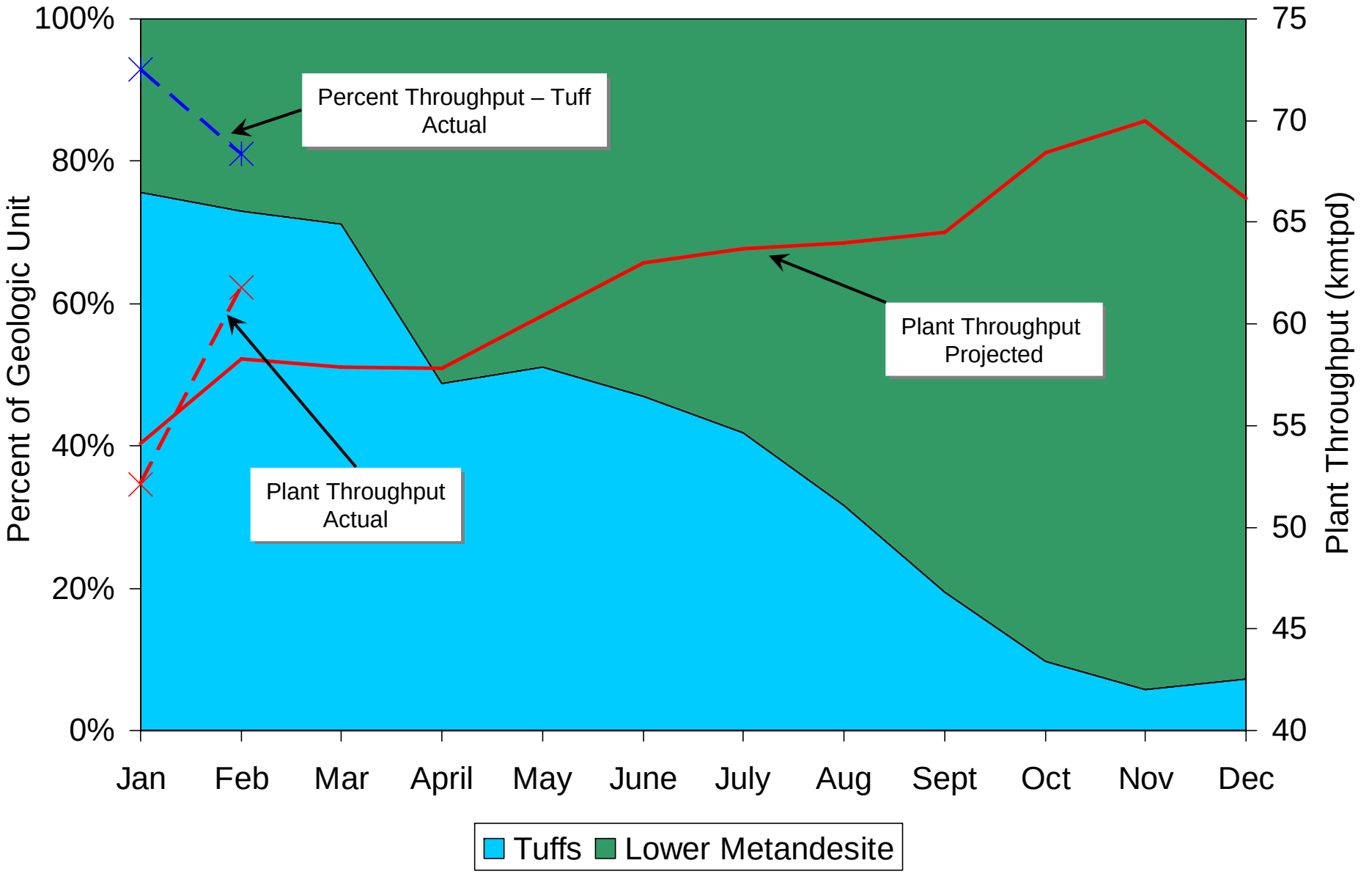
Phelps Dodge Mining Company



Candelaria (PD owns 80%)

- 2005 Results (100% basis)
  - 179,300 tons copper produced
  - 25.1 million tons ore milled
    - 0.79% copper
  - 3.2:1 stripping ratio
- ISO 14001 certified
- ~15-year mine life remaining with current reserves

Candelaria – 2006 Mill Throughput Forecast



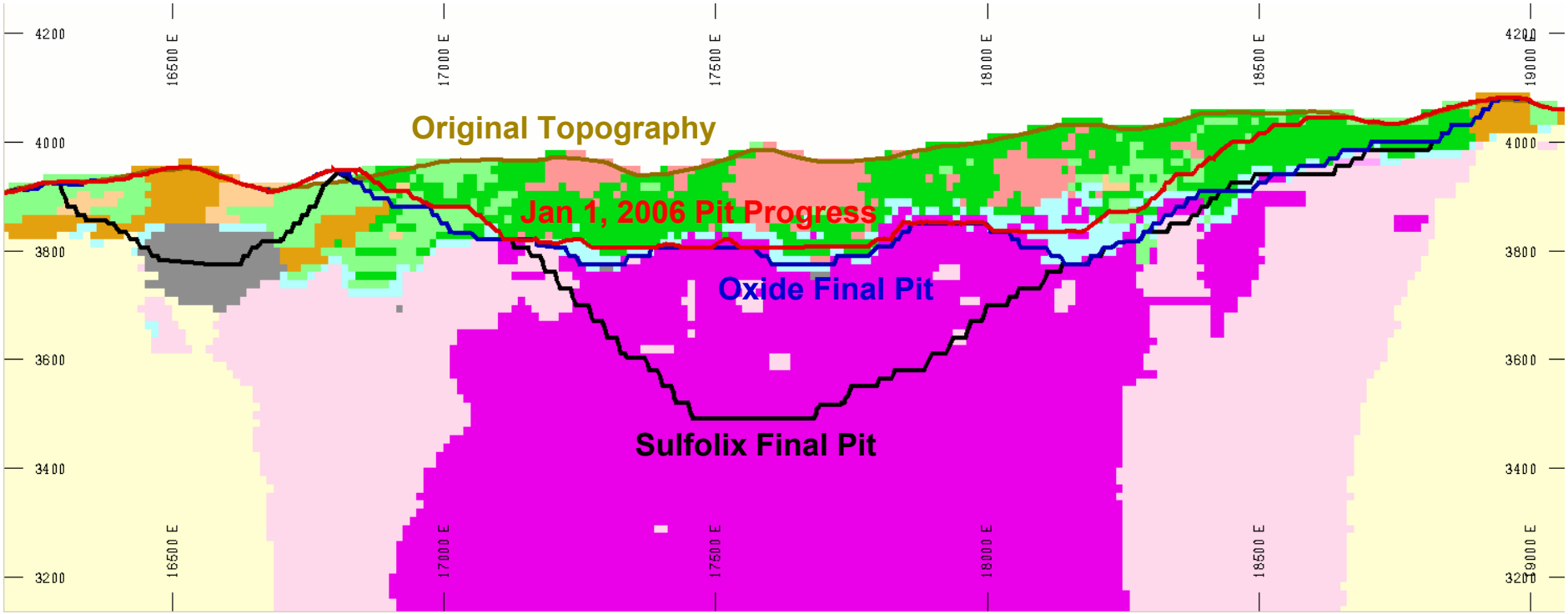
Ojos del Salado (PD owns 80%)

- 2005 Results (100% basis)
  - 31,100 tons copper produced
  - 2.6 million tons ore milled
    - 1.35% copper
- ~7-year mine life remaining

El Abra (PD owns 51%)

- 2005 Results (100% basis)
  - 232,200 tons copper cathode produced
  - 83.6 million tons ore placed on leach stockpiles
    - 0.43% copper
  - 0.02:1 stripping ratio
- ~6-year mine life remaining with current oxide reserves

El Abra Primary Sulfide



- Large sulfide mineral deposit underlying current oxide pit
- Unique combination of primary minerals
  - Bornite dominant – 68%
  - Chalcocite dominant – 2%
  - Chalcopyrite dominant – 30%
- Low stripping ratio – 0.1:1

El Abra Sulfide

El Abra test columns

Safford PTC test columns

- Process technology research indicates mineral amenable to leaching
- 800 million tons @ 0.50% copper mineralized material
- Low capital investment
- Straightforward permitting
- Substantial water conservation compared with concentrator process

Cerro Verde (PD owns 53.6%)

- 2005 Results (100% basis)
  - Record 103,100 tons copper cathode produced
  - 22.8 million tons ore placed on leach piles
    - 0.59% copper
  - 1.6:1 stripping ratio
- Current densities and efficiencies among highest in world
- ISO 14001 certified
- Current expansion will approximately triple production (to be discussed later)
- ~30-year mine life remaining with current reserves

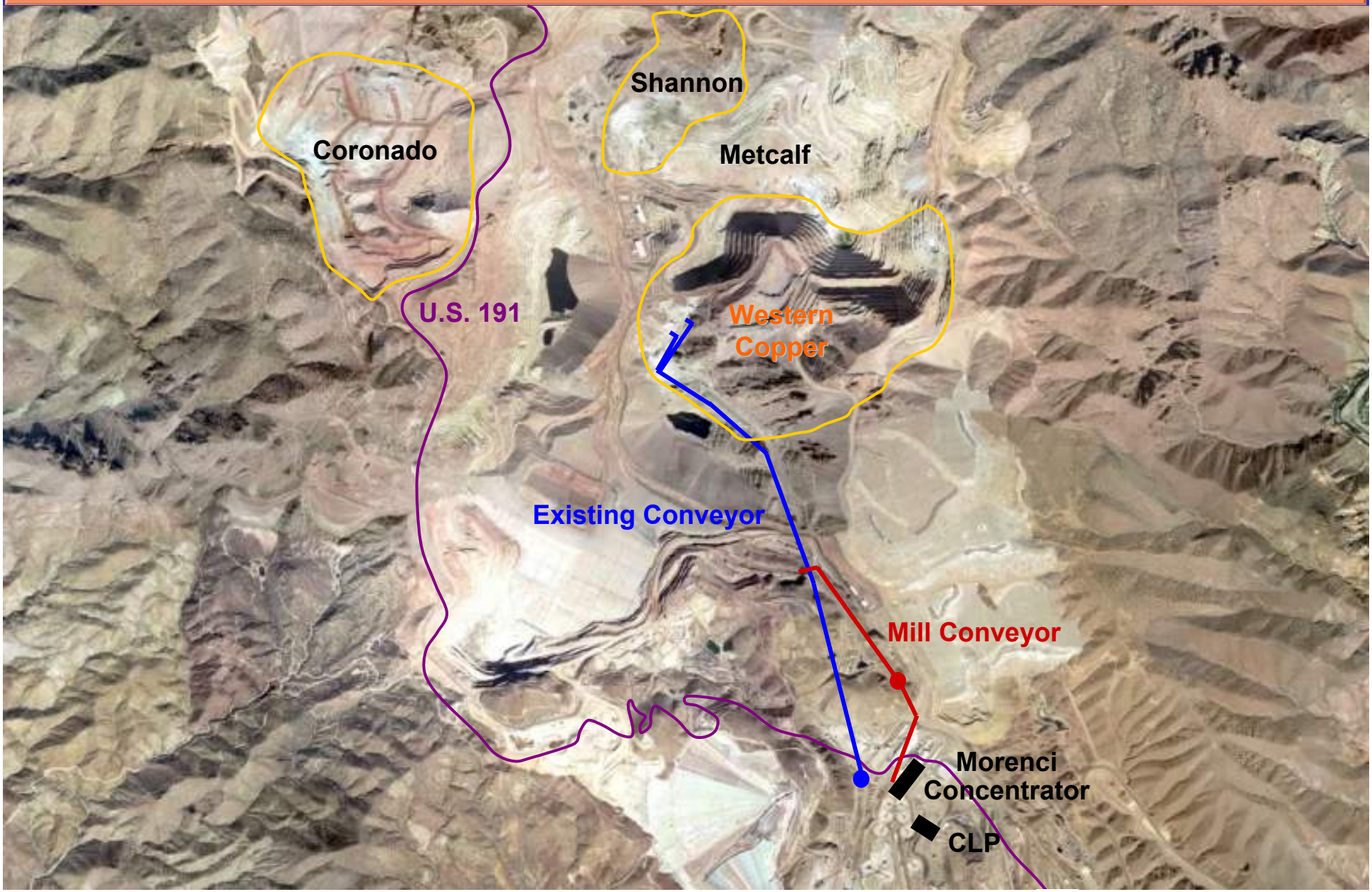
Morenci (PD owns 85% undivided interest)

- 2005 Results (100% basis)
  - 400,000 tons copper cathode produced
  - 239.1 million tons ore placed on leach stockpiles
    - 0.28% copper
  - 0.1:1 stripping ratio
- ~19-year mine life remaining with current reserves (+ residual Cu recovery)
- Largest copper producer in North America

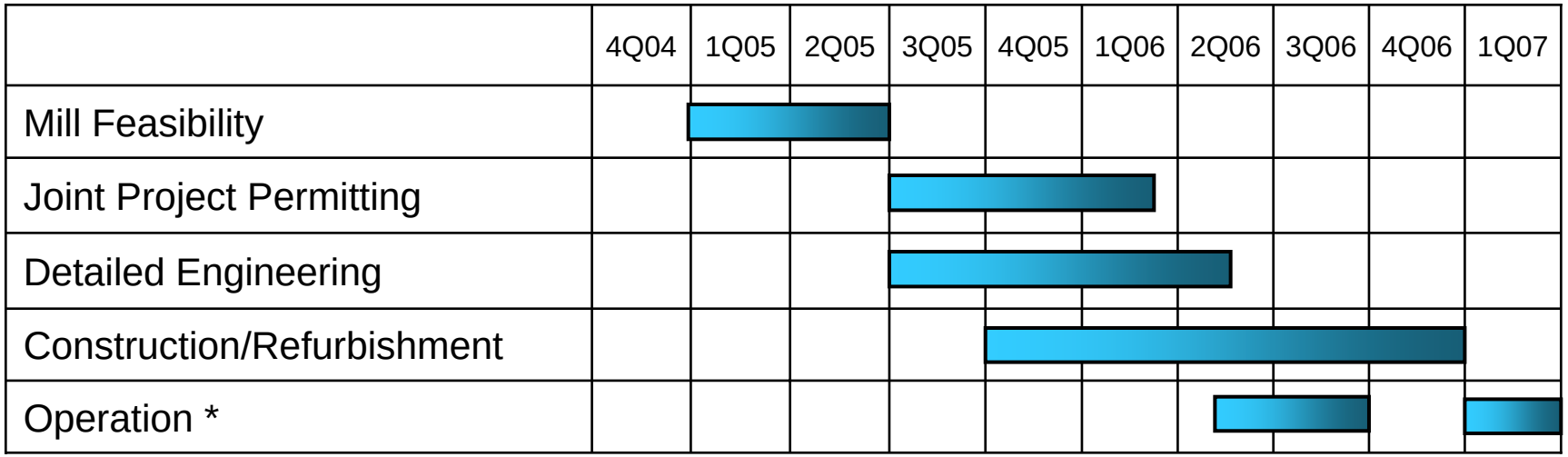
Mill Restart Optimizes Morenci's Ore Reserves

- Western Copper ore reserve primary sulfides
  - Mining required to access additional leach (MFL and ROM) ores by early 2007
  - Chalcopyrite dominant – high mill recovery / low leach recovery
  - Improves long range production profile
- Optimal district mine and processing plan
  - 1.5 billion pounds of incremental copper
  - 2.0 billion pounds of total copper in concentrate
- Favorable incremental economics vs. leach-only
  - Utilizes existing technology (low risk)
  - Higher recovery
  - Concentrate leach enhances unit cost profile

Mill Restart Requires Modified Ore Delivery System

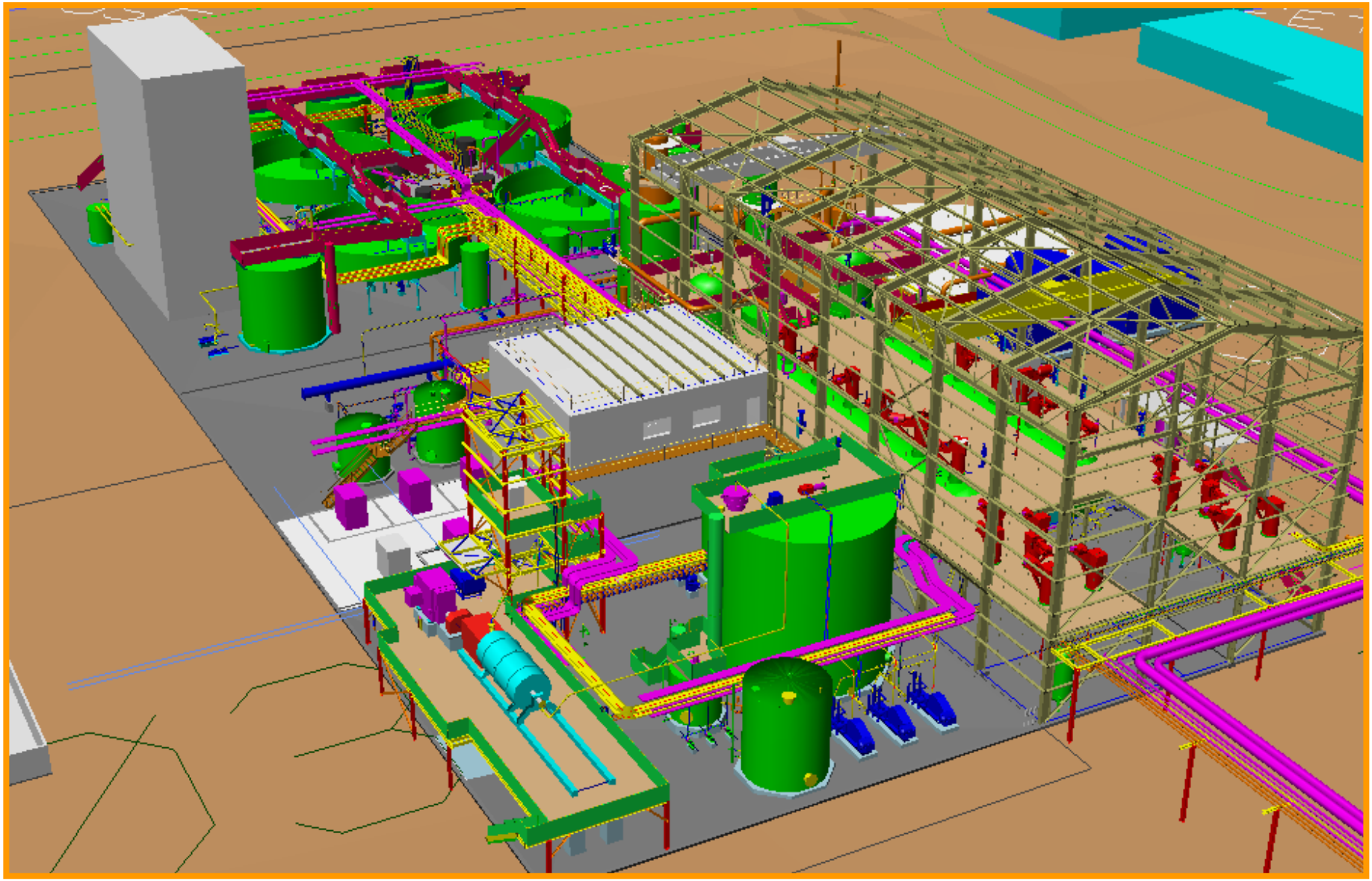


Concentrator Restart Project Schedule



* Initial start-up 2Q06; interruption in 4Q06 for construction of conveyor system tie-in; re-start 1Q07

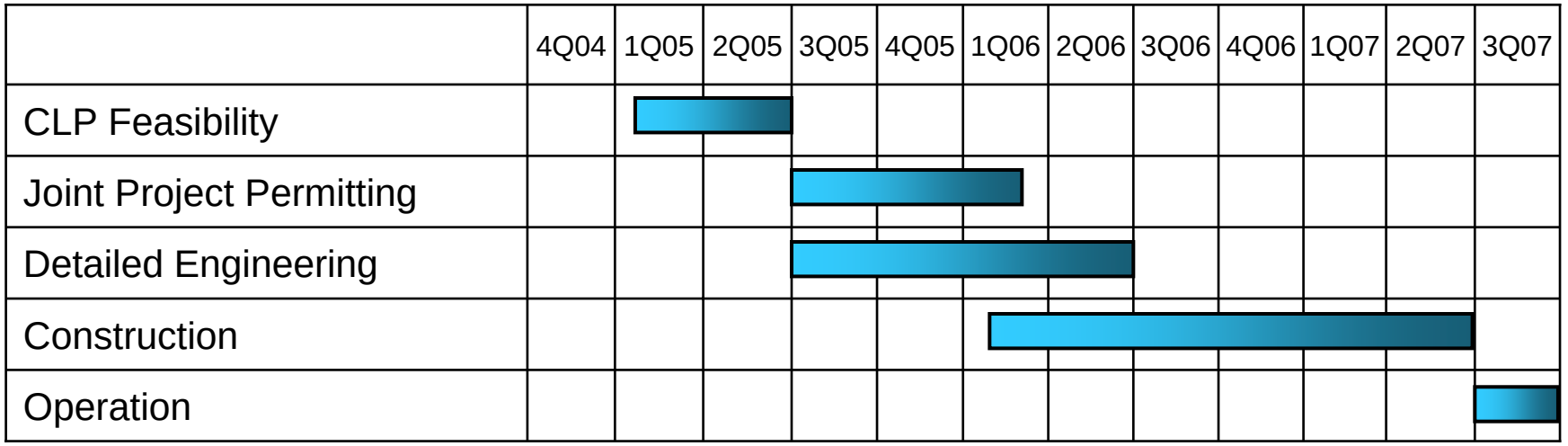
Morenci Concentrate Leaching Facility – 3D Model View



Concentrate Leach Strategic Benefits and Project Economics

- Provides economically viable alternative to smelting and refining
- Decouples Morenci from smelter balance dependency
- Reduces Morenci's mill conversion costs
  - ~14¢/lb vs. ~19¢/lb for smelting and refining
- Generates by-product acid for leaching
- Eliminates freight cost for concentrate shipments and acid deliveries
- Utilizes existing tankhouse capacity beginning 3Q07

Concentrate Leach Project Schedule



Sierrita (PD owns 100%)

- 2005 Results
  - 79,300 tons copper produced (71,800 tons in concentrate, 7,500 tons cathode and copper sulfate) and 18.6 million pounds molybdenum produced in concentrate
  - 39.2 million tons ore milled
    - 0.22% copper / 0.03% molybdenum
  - 1.9 million tons ore placed on leach stockpiles
    - 0.20% copper
  - 0.5:1 stripping ratio
- ~26-year mine life remaining with current reserves

Bagdad (PD owns 100%)

- 2005 Results
  - 100,600 tons copper produced (84,800 tons in concentrate, 15,800 tons cathode) and 11.0 million pounds molybdenum produced in concentrate
  - 26.6 million tons ore milled
    - 0.40% copper / 0.027% molybdenum
  - 23.9 million tons ore placed on leach stockpiles
    - 0.10% copper
  - 0.3:1 stripping ratio
- ~20-year mine life remaining with current reserves

Chino (PD owns 100%)

- 2005 Results
  - 104,800 tons copper produced (50,700 tons in concentrate, 54,100 tons cathode) and 0.5 million pounds molybdenum produced in concentrate
  - 12.6 million tons ore milled
    - 0.51% copper / 0.013% molybdenum
  - 28.1 million tons ore placed on leach stockpiles
    - 0.26% copper
  - 0.6:1 stripping ratio
- ~8-year mine life remaining with current reserves (Cobre extends life ~5 years)

Tyrone (PD owns 100%)

- 2005 Results
  - 40,500 tons copper cathode produced
  - 20.3 million tons ore placed on leach stockpiles
    - 0.26% copper
  - 0.4:1 stripping ratio
  - ~3-year mine life remaining with current reserves

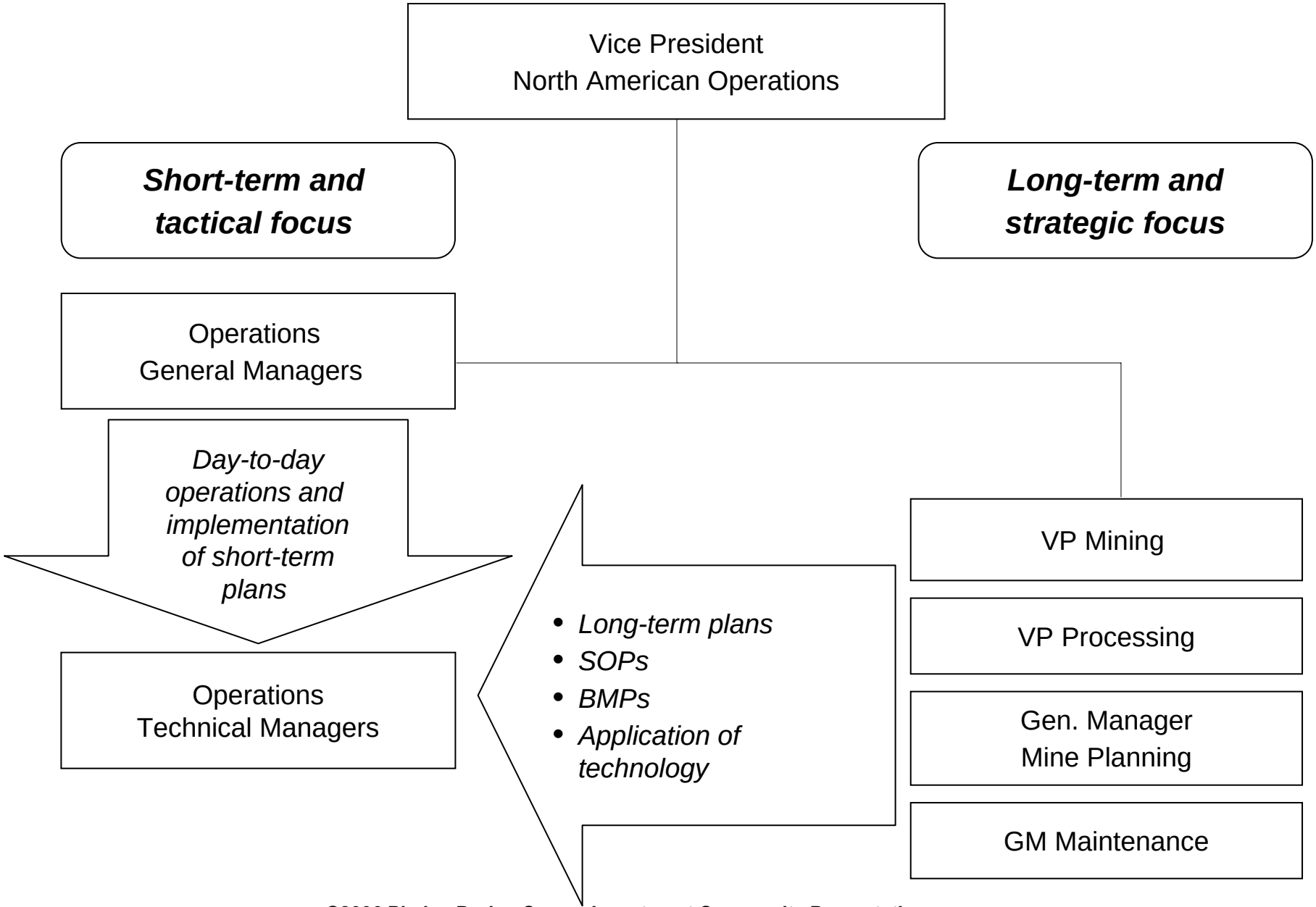
Miami – Mine (PD owns 100%)

- 2005 Results
  - 12,300 tons copper cathode produced
- No mining or stripping since 2001
- Mining scheduled to start during 2008 (~5 year life)
- 11-year mine life remaining with current reserves (+ residual copper recovery assuming mine starts up as scheduled during 2008)

Miami – Smelter (PD owns 100%)

- 2005 Results
  - 740,300 tons of concentrate treated
  - 218,900 tons of anodes produced
  - 698,400 tons of 95% sulfuric acid produced
- Furnace rebuilt in 2005

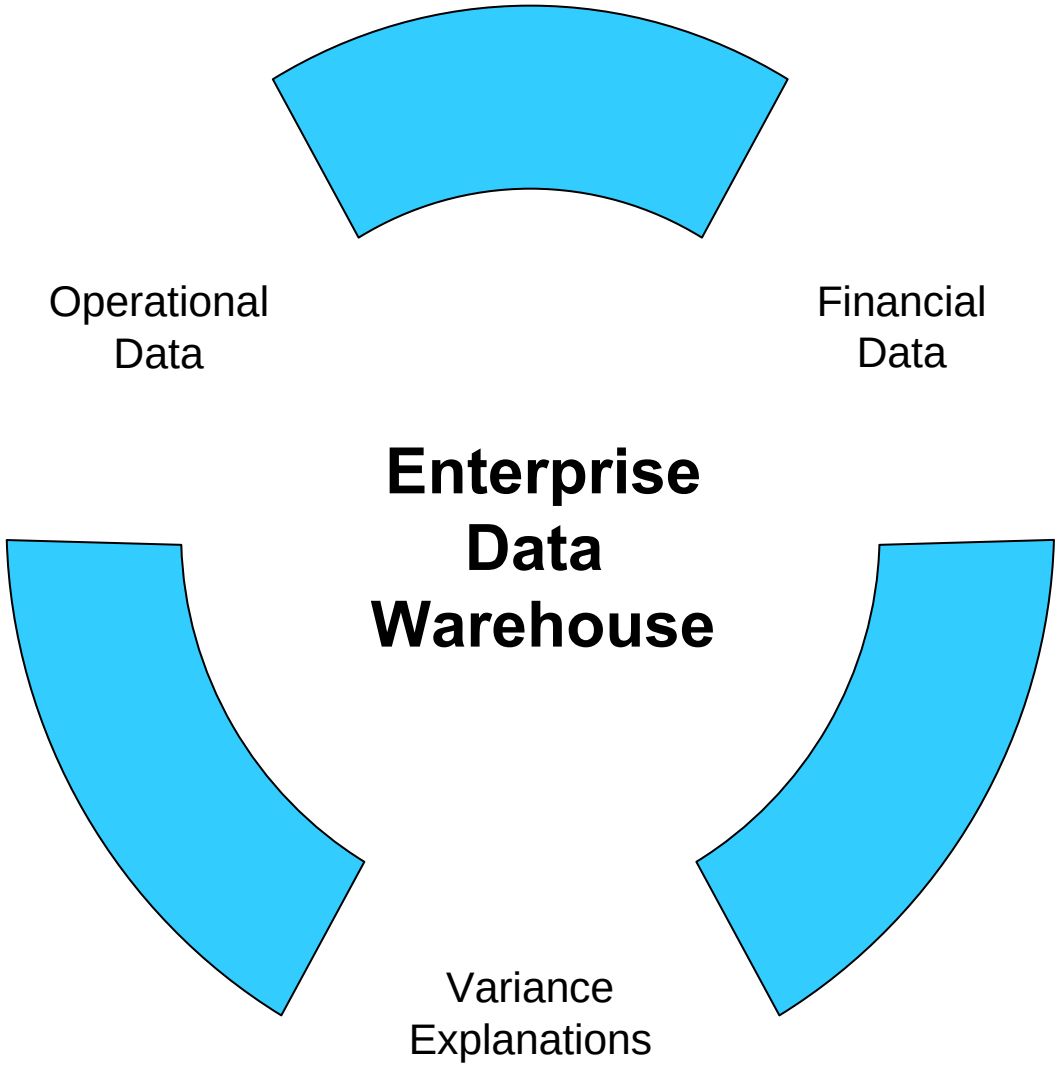
North American One Mine (NAOM) – Managing Differently



NAOM – Process For Improvement

- Resources/Organization
  - People
  - Systems
- Operating philosophy/implementation
  - Sameness
    - Well-established definitions
  - Mine/Processing/Accounting/Engineering
    - Pull vs. push
    - Use counterparts to improve
    - Improvement and documentation required
  - Elimination of variability
    - Six Sigma
    - Goals reached with improvements in variability

NAOM – Power of Data

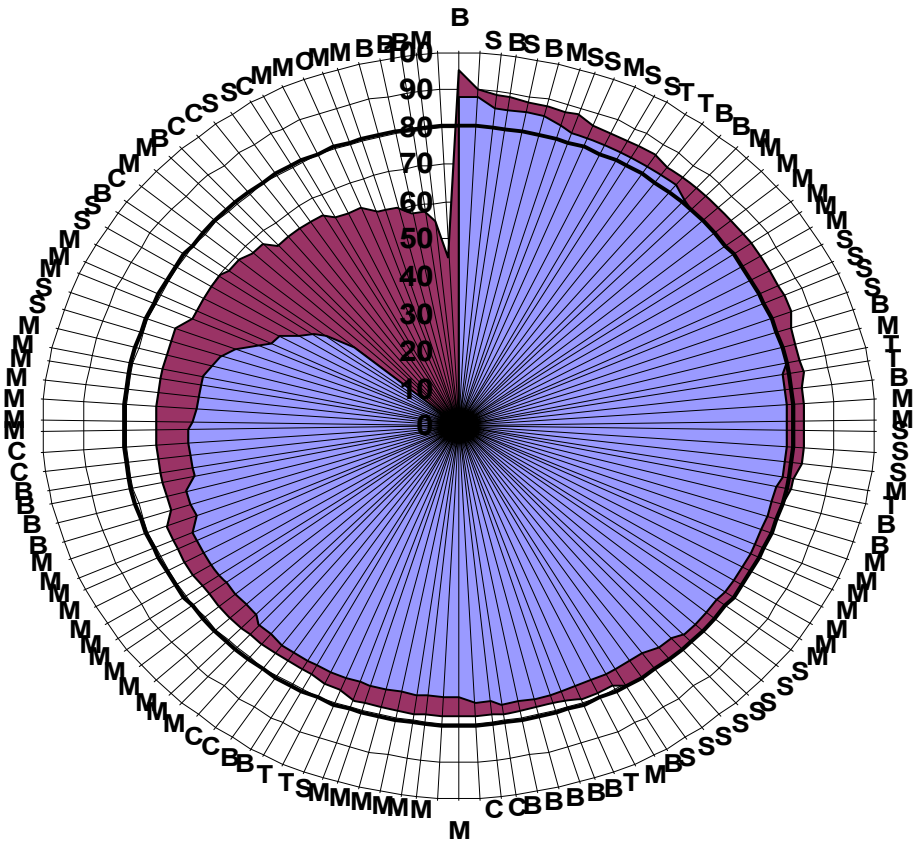


NAOM – Accomplishments in 2005

- Mining
  - Achieved 8% improvement in tons per day
  - Achieved 28% improvement in Delta “C”
  - Achieved 13% improvement in all condition miles
  - Achieved 5% improvement in load time
  - Chino blitz
- Processing
  - Achieved 13% improvement in ore crushed tons
  - Achieved 12% improvement in sulfide production, partially offset by 5% decrease in cathode production
  - Achieved 11% improvement in NaHS consumption
  - Achieved 10% improvement in cobalt metal consumption per ton cathode
  - Achieved 16% improvement in extraction reagent consumption per ton cathode

NAOM – Shovel Operator Improvement 2005

Shovel Operator Score
100 = maximum
80 = target for all operators

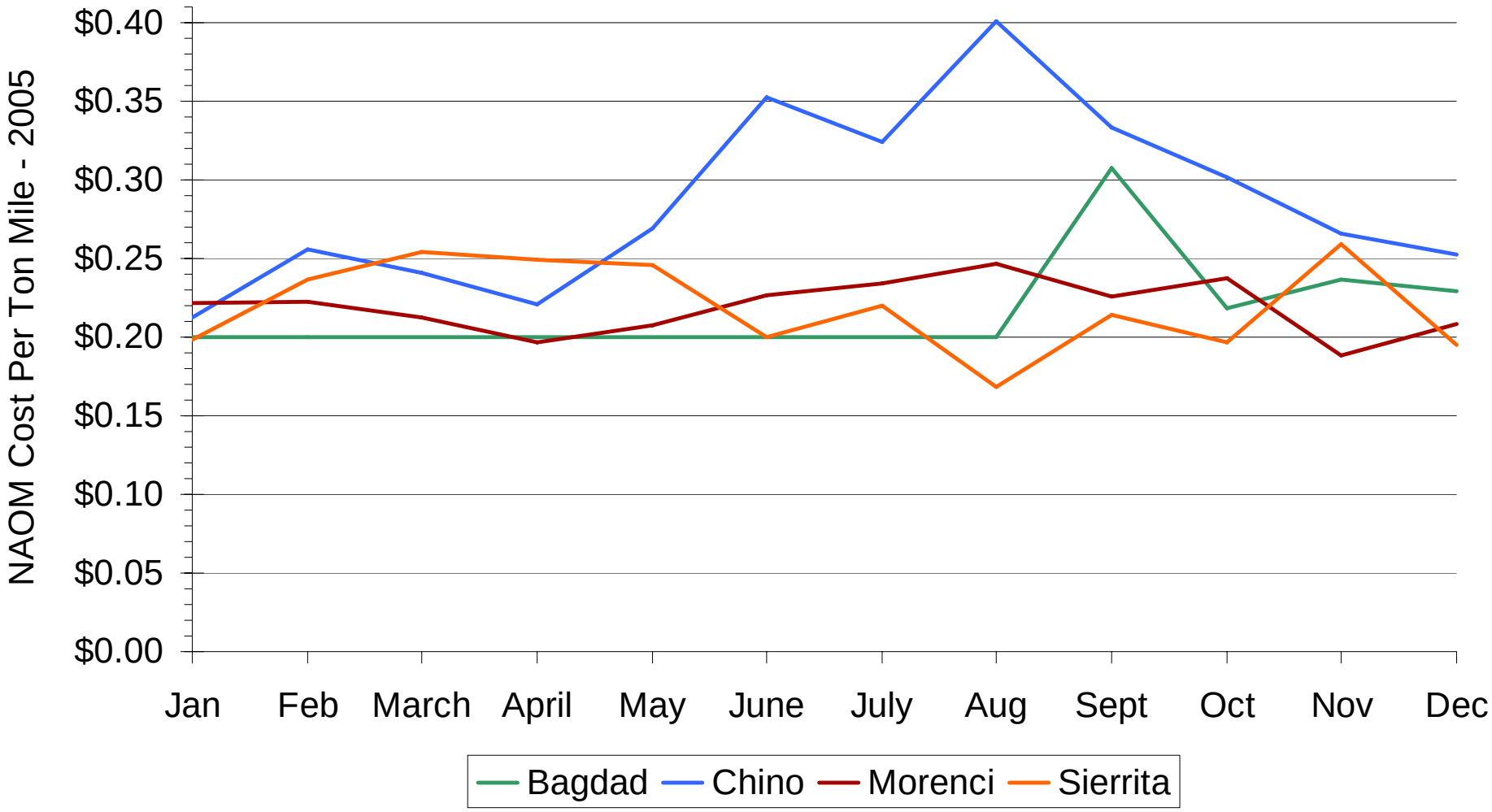


B = Bagdad
C = Chino
M = Morenci
S = Sierrita
T = Tyrone

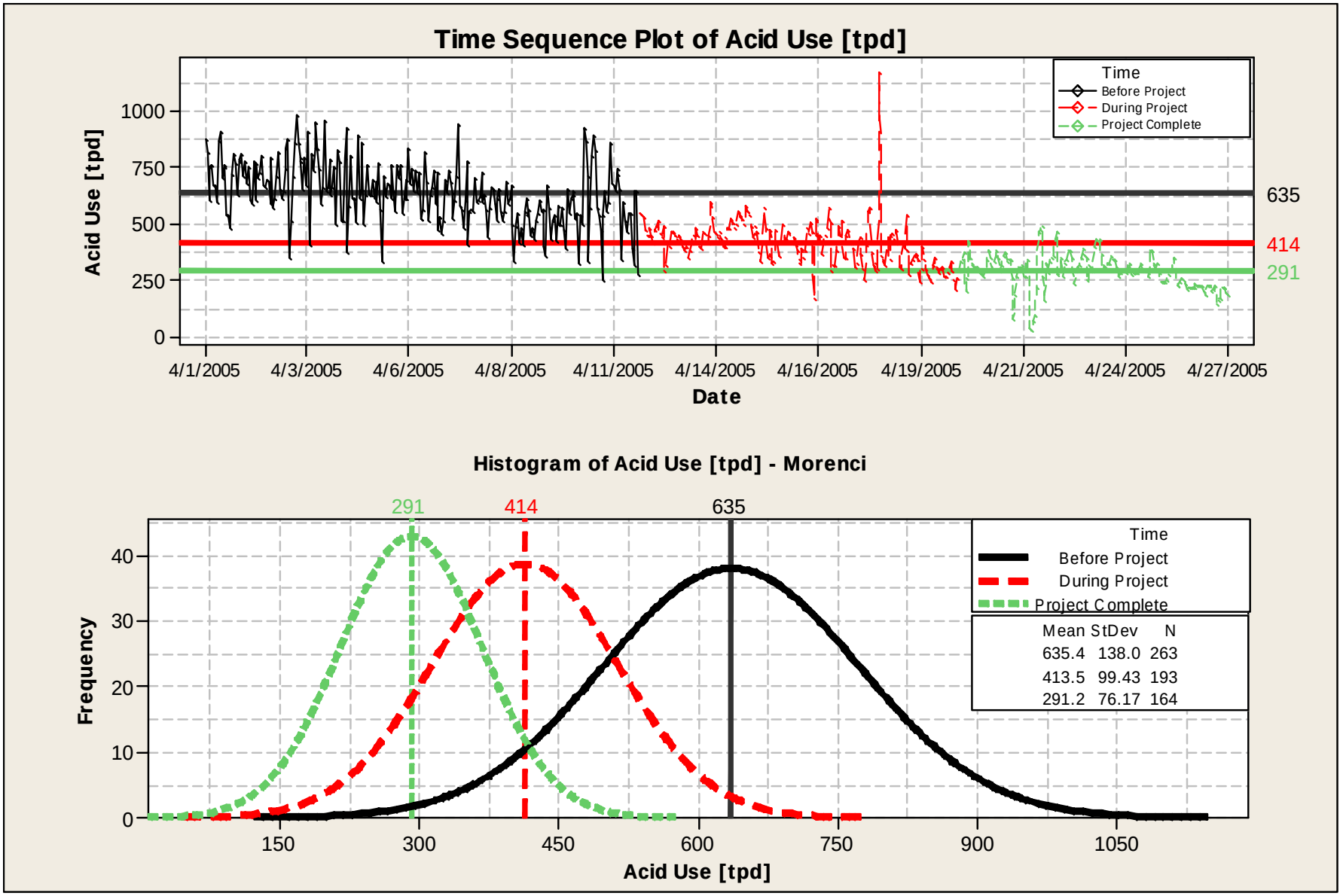
January 2005

December 2005

NAOM – Haulage Cost



NAOM – Morenci Acid Reduction Project



PDMC Power Supply

Bagdad	90 MW	APS – retail tariff
Miami	50	SRP – retail tariff
Sierrita	95	TEP – expires 4Q08
Morenci	200	APS – expires 2Q08 (100 MW) Wholesale purchases (100 MW)
New Mexico	85	Wholesale purchases
Candelaria/Ojos	80	Expires 2Q12
Cerro Verde	45-140 *	Various contracts through 2015
El Abra	100	Expires 4Q07
Total PDMC	745 MW	

* 45 MW for existing operations; 140 MW required with the addition of the sulfide operation

Luna Energy Facility (Deming, NM) – PD Share (190 MW)

Commercial Operation 2Q06

Current Reclamation Projects

- Approximately $70 million planned to be spent on reclamation projects in 2006/07 in New Mexico
- Approximately $90 million planned to be spent on reclamation/remediation projects in 2006/07 in Arizona
- Purchased $35 million of equipment to complete reclamation in NM and AZ

Tyrone Tailing Dam

Climax Reclamation Projects in 2005

- Robinson Tailing Pond
- Highway Corridor

Tree removal at
Tenmile Tailing Pond

Trees transplanted on
Robinson Tailing Pond

Demolition Projects

- Approximately $40 million to be spent on demolition projects through 2007
  - $10 million spent through 2005
  - Approximately $30 million planned for 2006/07

Tyrone Mill

Project Overview

Timothy R. Snider

President and Chief Operating Officer

Cerro Verde Sulfide Project – Large, High-Quality Project

- Major construction project
  - ~$850 million capital costs
  - 90,000 cubic yards of concrete, 15,000 tons of steel
  - 20 million tons of earthmoving for tailing starter dam and site work
  - ~4,000 contractor employees at peak
- Positive, long-term contributor
  - 6 million tons of life-of-mine copper production
  - 290,000 tons average copper production in first 10 years (210,000 tons incremental to existing SX-EW production)
  - 325,000 tons average copper production in first five years (230,000 tons incremental to existing SX-EW production)

Primary Crusher and Mechanically Stabilized Earthen Wall

Coarse Ore and Intermediate Ore Bins (Secondary Crushing Plant)

Pillones Dam

Tailing Starter Dam and Drainage Channel

Concentrate Handling at Port of Matarani

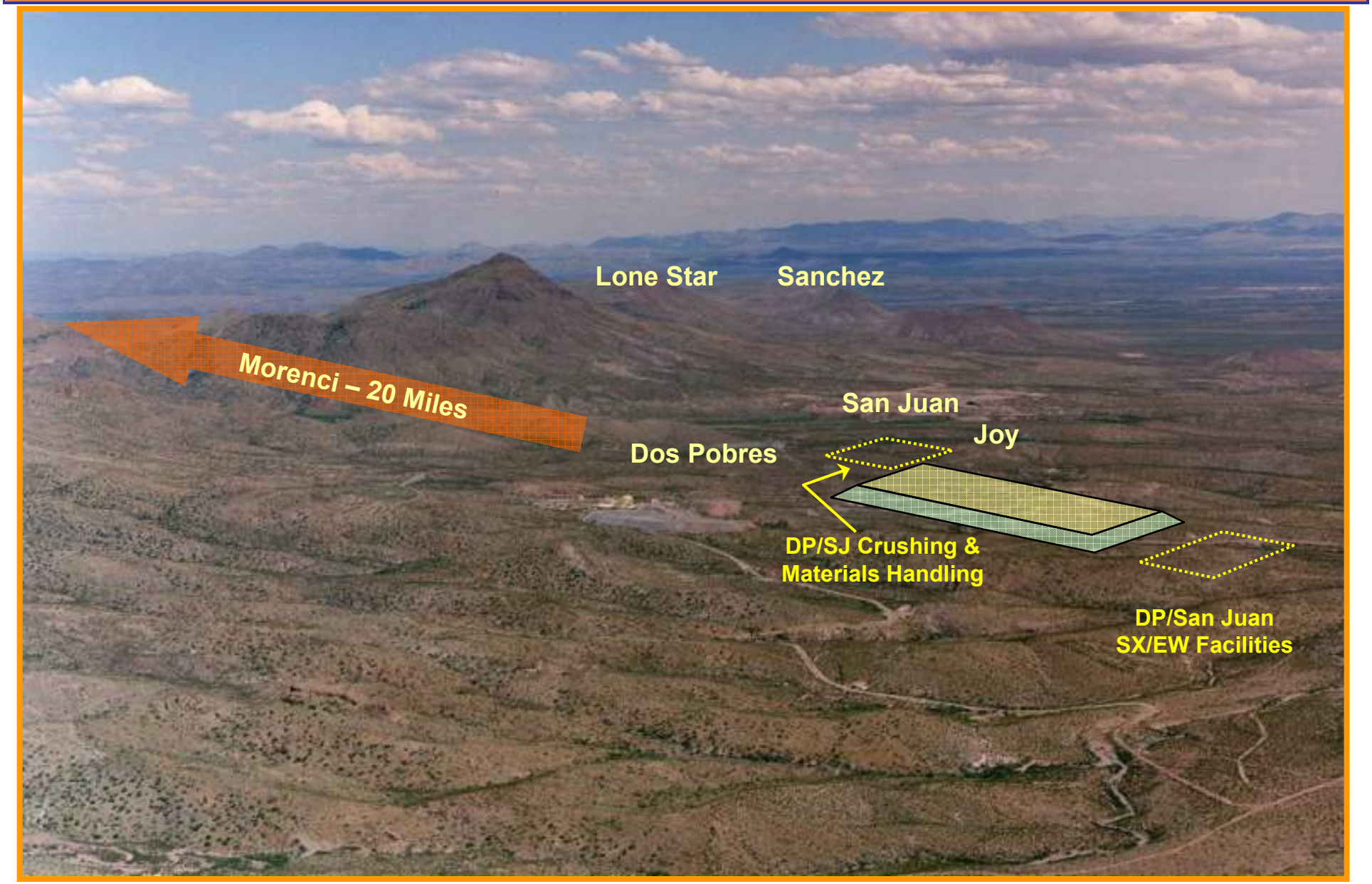
Cerro Verde Expansion – On Track for 4Q06 Start-up

- Safety
  - TRIR = 0.89
  - MEM safety audit 12/05 with zero observations
- Project progress
  - Engineering 96% complete
  - Construction 37% complete
  - On schedule for production: 50% in 4Q06, 50% in 1Q07
  - Projecting on-budget at ~$850 million despite severe inflation pressures
- Tailing storage facility
  - Starter dam 48% complete

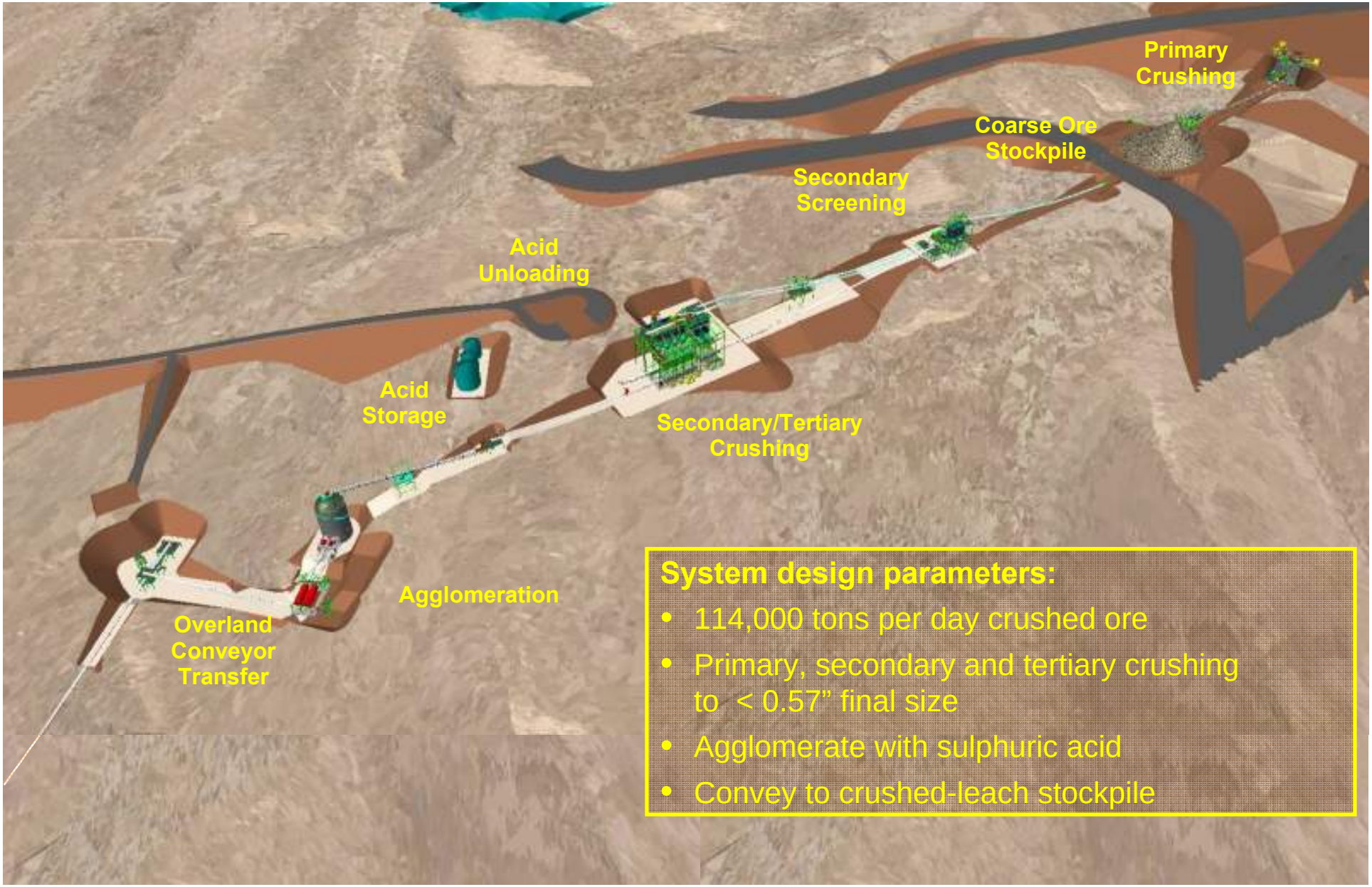
Safford Leach – Technologically Advanced SX/EW Project

- SX/EW operation
- PD owns 100%
- Project summary
  - ~240 million pounds annual copper production
  - $550 million capital cost
  - 0.40% Cu – crushed leach
  - 0.21% Cu – ROM
  - 0.6:1 stripping ratio
  - 18-year mine life
  - Substantial district potential
  - Strong community support

Safford District Resource Potential



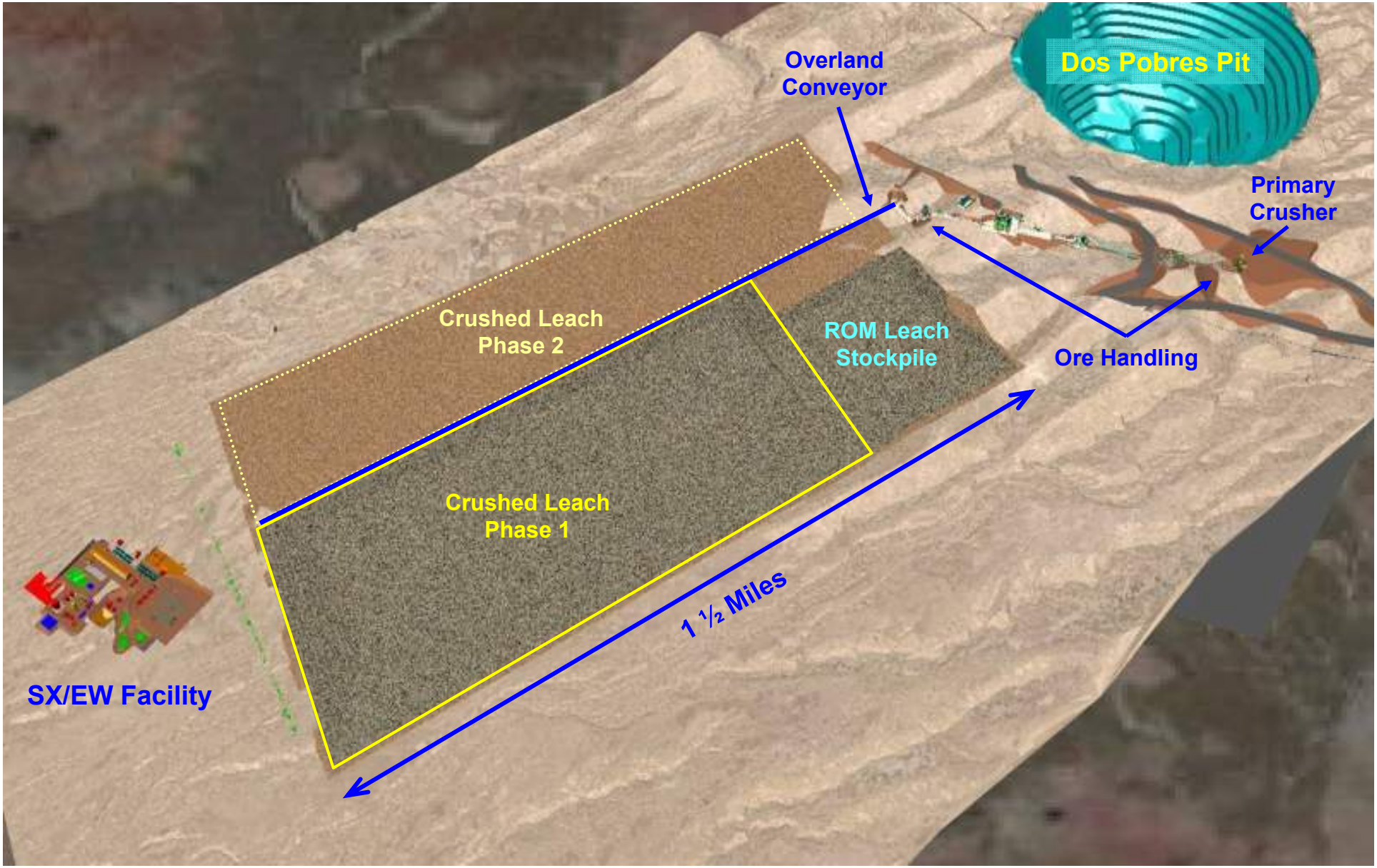
Safford Leach Project – Leach Ore Handling System



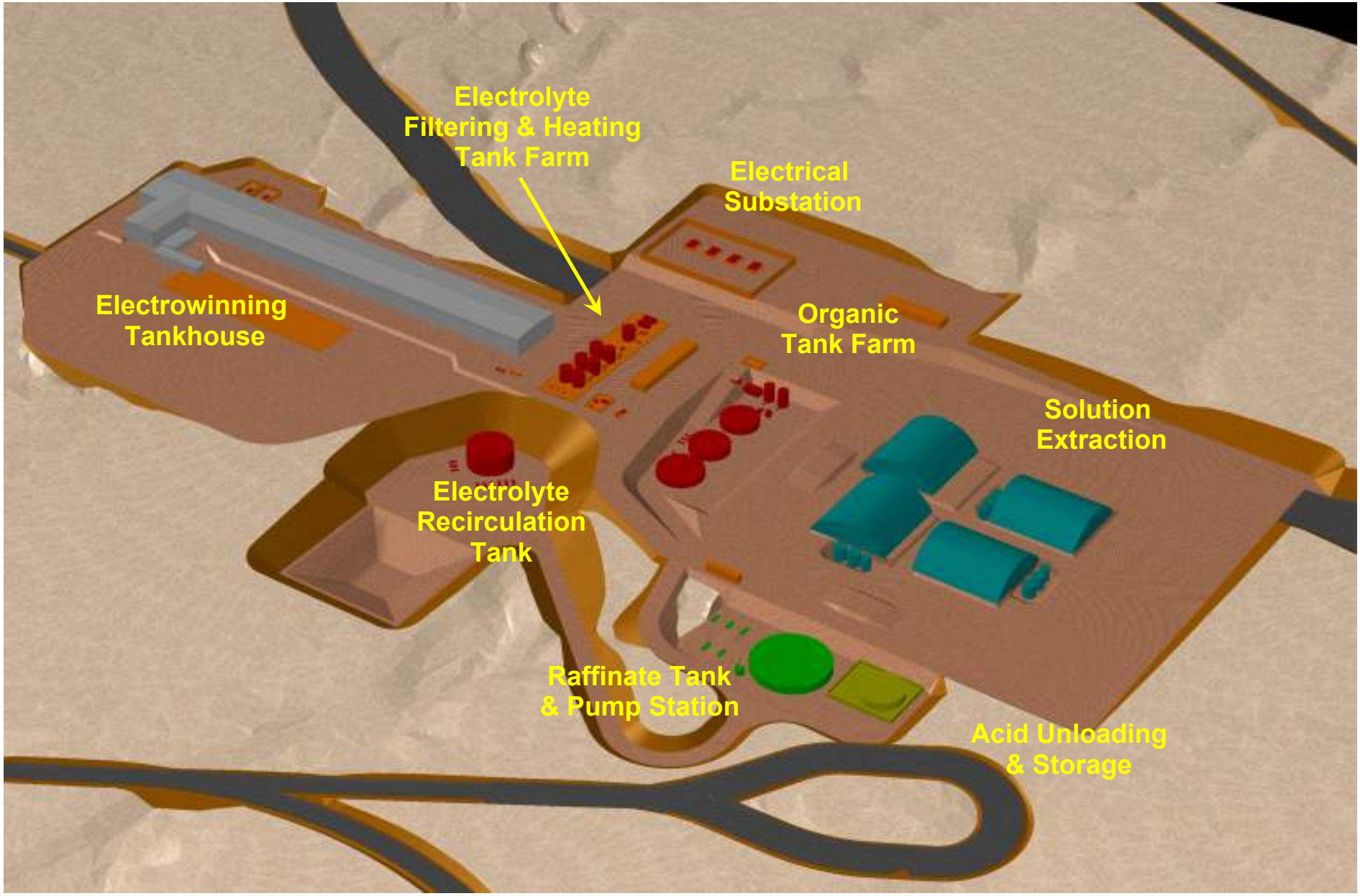
System design parameters:

- 114,000 tons per day crushed ore
- Primary, secondary and tertiary crushing to < 0.57" final size
- Agglomerate with sulphuric acid
- Convey to crushed-leach stockpile

Safford Leach Project – Permanent Leach Pad



Safford Leach Project – Conventional SX/EW Facility

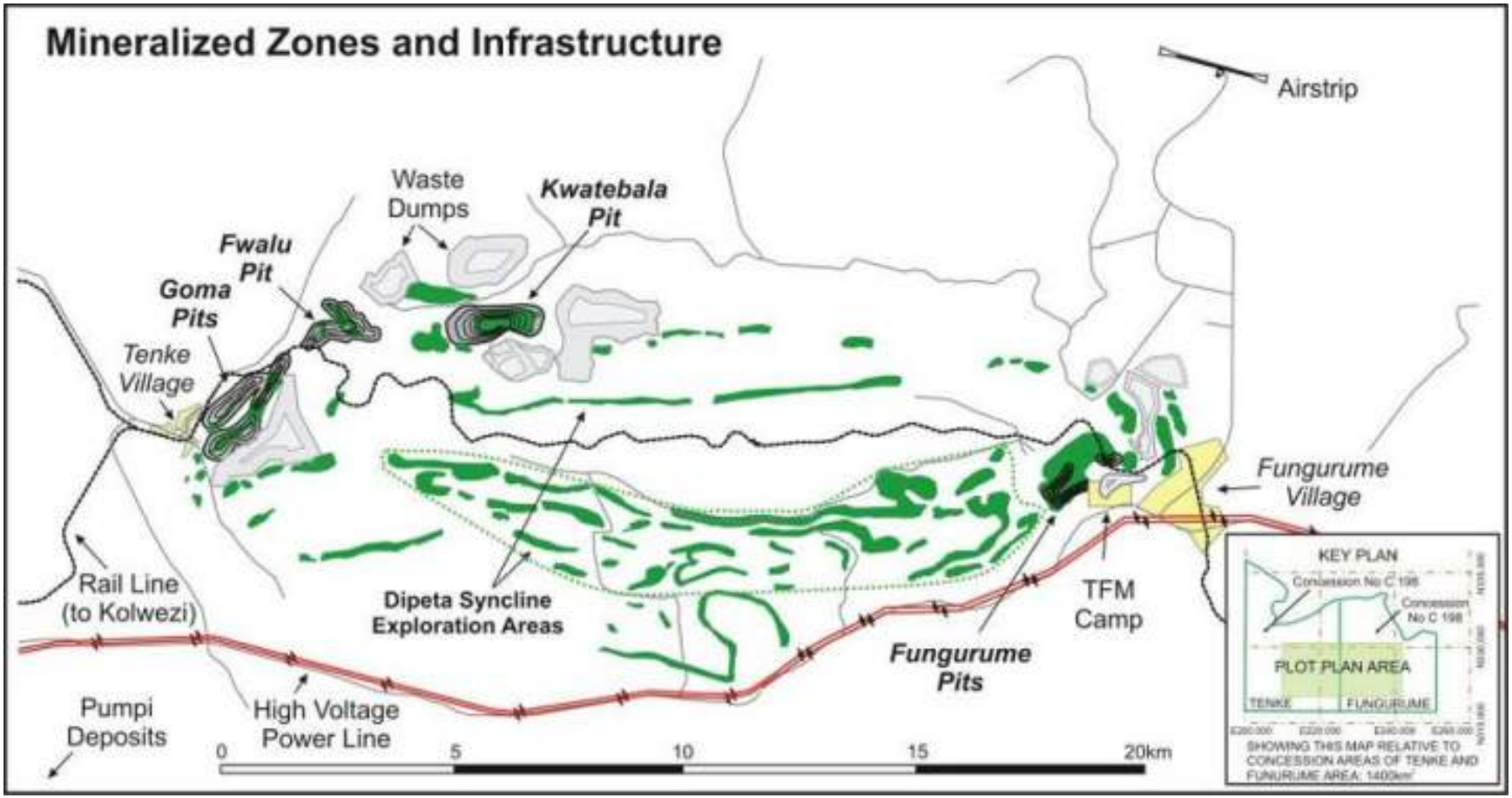


Safford Leach – Project Scheduled for 2008 Start Up

- Remaining permits
  - Arizona air quality permit (ADEQ)
  - Arizona aquifer protection permit (ADEQ)
  - Approved reclamation plan (Arizona state mine inspector)
- Detailed engineering commenced in 2Q06
- Construction schedule
  - Start construction – 2Q06
  - Start up – 1H08
  - Full production – 2H08

Tenke Fungurume – Exciting Mineralization

- Believe Tenke Fungurume largest, high-grade undeveloped copper/cobalt project in world today
- Less than half of 600 square mile concession explored
- Cumulative strike length greater than 80 kilometers

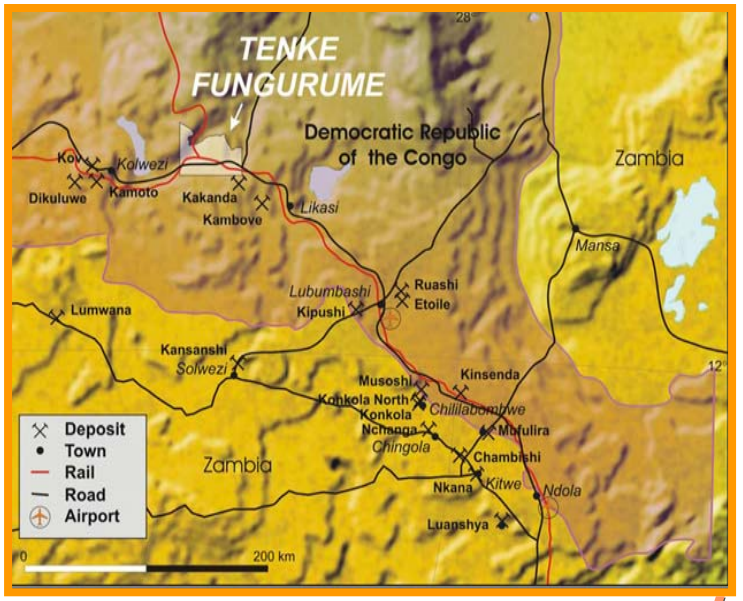


Tenke Fungurume – Country Risk Profile Improving

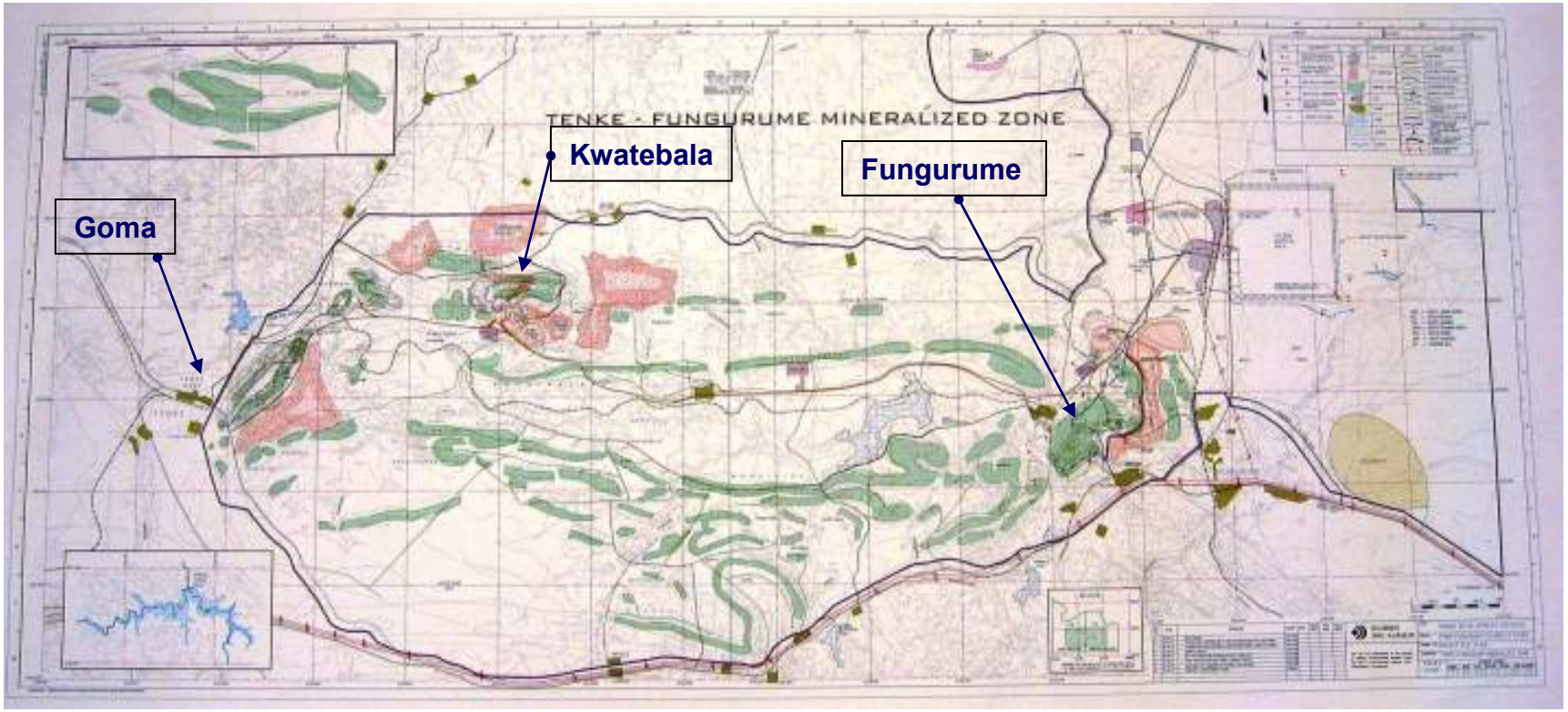
- Investment friendly mining legislation (2002)
- Transitional government (2003 peace accord)
- IMF/WB rebuilding program under way
- 25 million voters registered – 84% voted in favor of new constitution on December 18, 2005
- General elections scheduled June 2006
- Several copper/cobalt projects advancing

Tenke Fungurume – Ownership Structure Finalized

- Ownership structure finalized – Oct. 31, 2005
  - Reached agreement with Gecamines
  - Resulting net ownership structure
    - 57.75% Phelps Dodge
    - 24.75% Tenke Mining Corp
    - 17.50% Gecamines

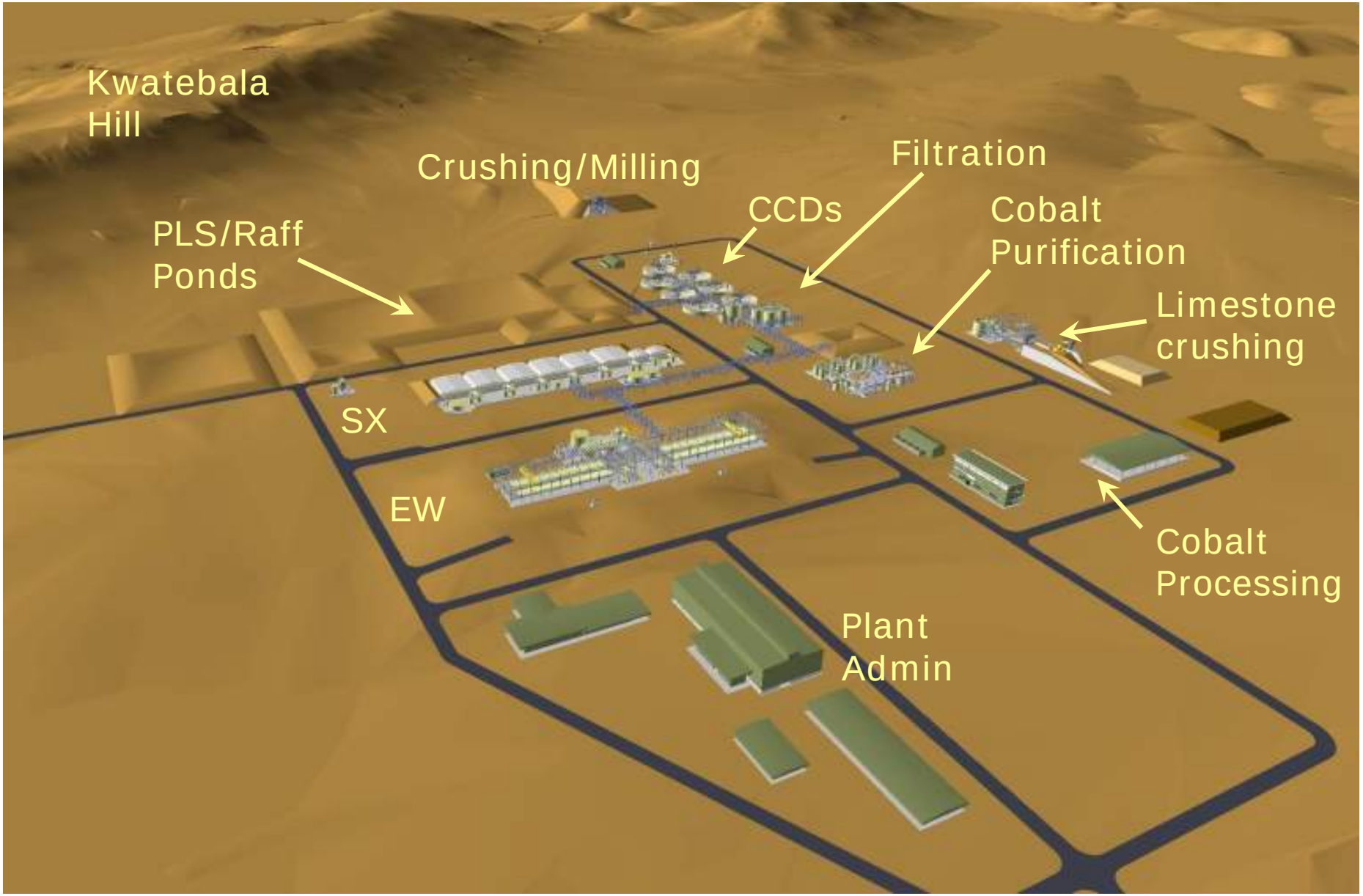


Tenke Fungurume – Conceptual Development Plan



Mineralized Material Summary:	Tons	% Cu	% Co
Kwatebala	45	3.6	0.39
Goma	21	3.0	0.35
Fwalu	24	2.7	0.18
Fungurume	13	5.1	0.42
Total	103	3.4	0.34

Tenke Fungurume – Kwatebala Plant Layout



Tenke Fungurume – Several Ports Available for Transportation

Tenke Fungurume – Technical Aspects in Our Strike Zone

- Initial production rates currently planned
  - 110,000 tons per year copper
  - 8,800 tons per year cobalt
- Project financing process under way
  - Financial advisor retained
  - Potential financing sources include multilateral agencies, bilateral agencies, export agencies, consumers and commercial banks
- Project schedule
  - Final feasibility study – mid-2006
  - Start construction of basic infrastructure – 1H07
  - Start-up – late 2008-early 2009

Tenke Fungurume – Responsible Development

- Develop and support schools
- Install water wells
- Improve agricultural practices
- Support vocational programs

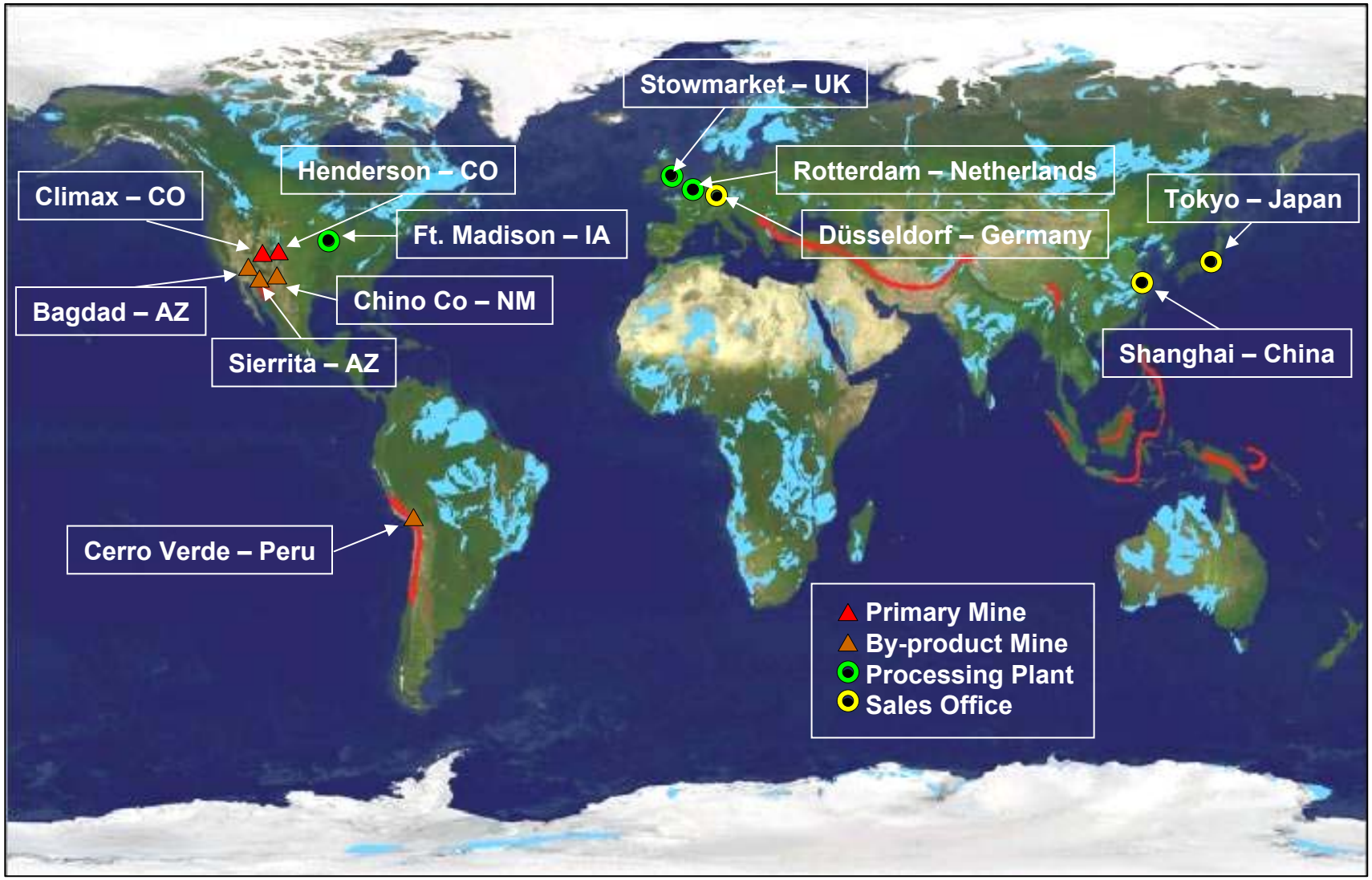
10-Minute Break

Primary Molybdenum and Process Technology

John O. Marsden

Senior Vice President, Technology and Product Development

Climax Molybdenum – Global Operations

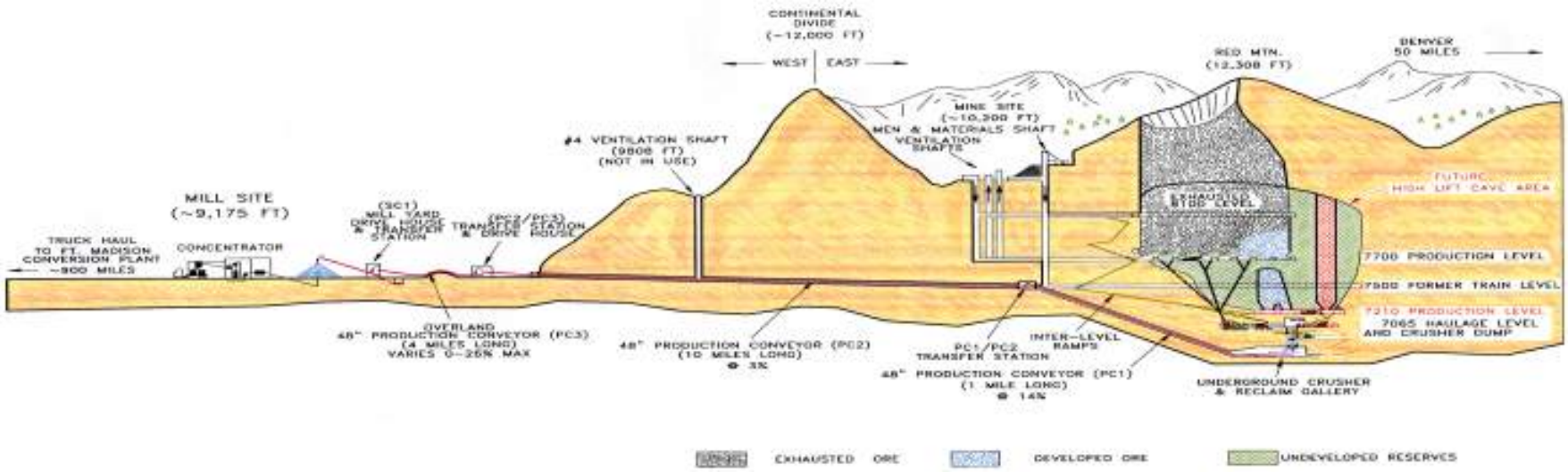


Henderson (PD owns 100%)

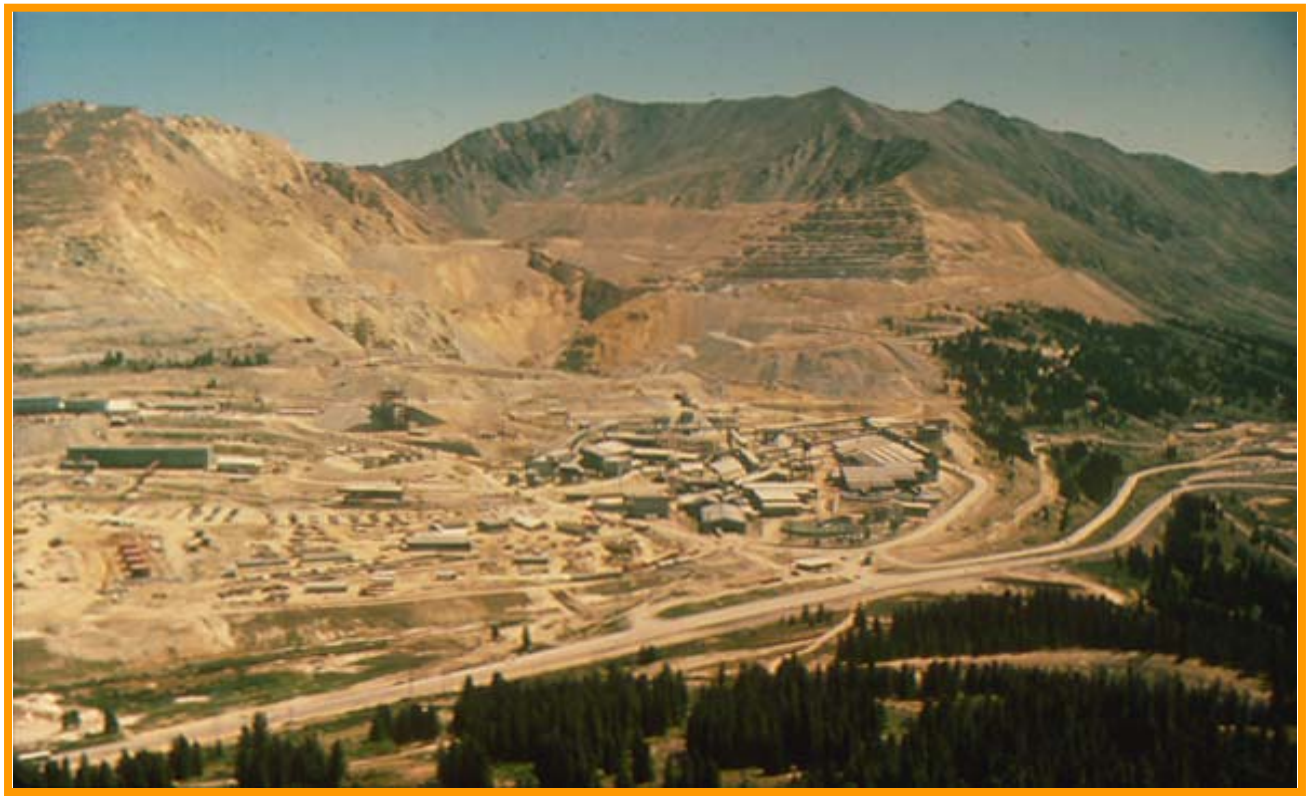
- 2005 Results
  - 32.2 million pounds molybdenum produced in concentrates
  - 8.2 million tons ore milled
    - 0.21% molybdenum
- ~17-year mine life remaining with current reserves at current production rate
- World's largest primary molybdenum producing mine
- Produces high-purity, chemical-grade molybdenum concentrates

Henderson – Preparing for Increased Molybdenum Output

- Development permits production capacity increase to 40 million pounds annually from current 32 million pound capacity
  - $20-24 million project
  - Increase underground mine capacity
  - Sufficient capacity exists at surface facilities to handle increased production
- Project completion anticipated in 2Q06
- Decision to increase production dependent on market conditions



Climax (PD owns 100%)

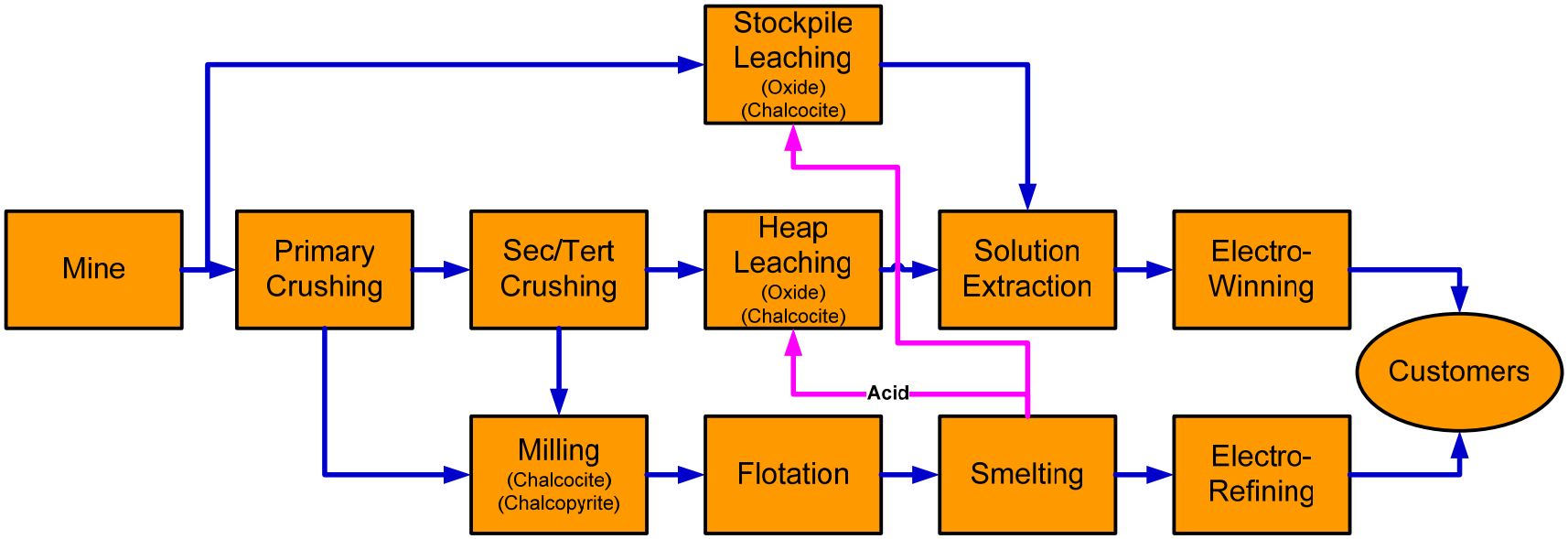


- Idled since 1995
- Feasibility study in process for possible 2009 restart
  - Scheduled for completion mid-2007
  - Potential production rate up to 24 million pounds annually

Process Technology – Major Initiatives

- Material characterization
  - Application of QemSCAN microscopy technology
  - North American central analytical laboratory
- Mineral processing
  - High pressure grinding rolls at Cerro Verde
- Enhanced sulfide heap and stockpile leaching
  - Secondary sulfides
  - Primary sulfides
- Concentrate leaching
  - Morenci project
- Solution extraction and electrowinning (SX/EW)
- New copper products
- Environmental technology

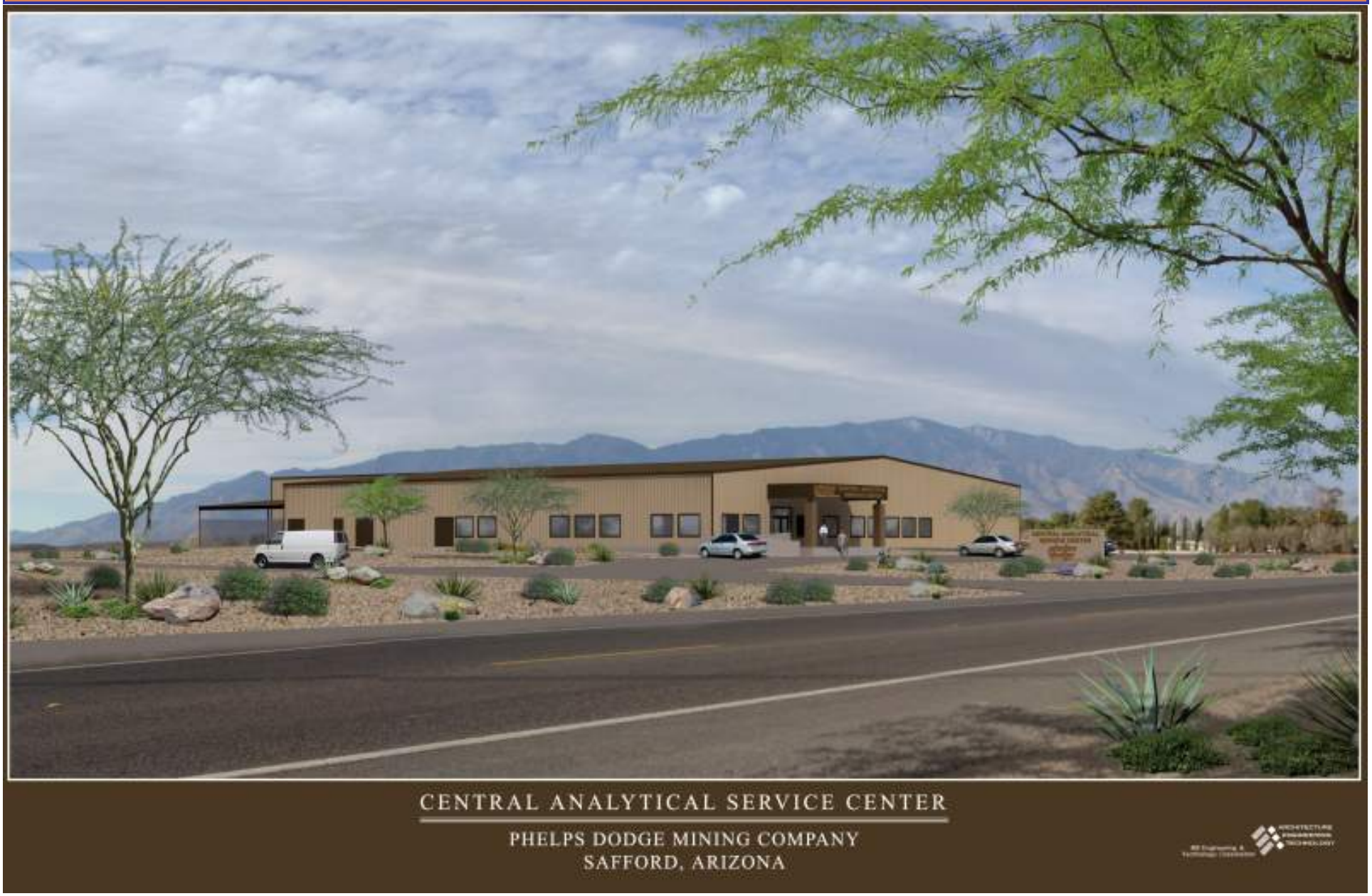
Material Characterization Impacts All Steps in Copper Extraction



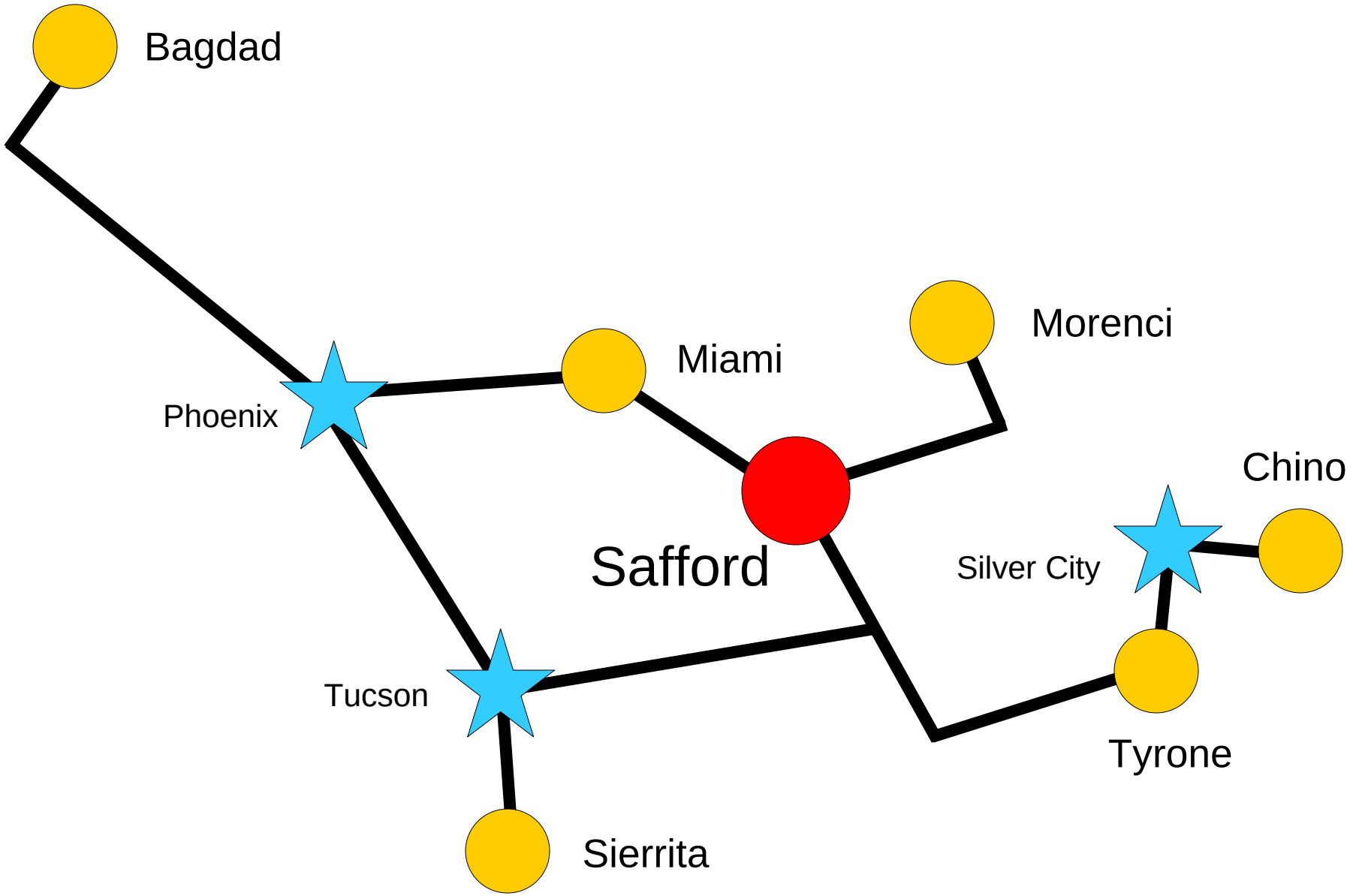
Material Characterization – QemSCAN

- Three QemSCANs in operation at PTC
- Installed QemSCAN at Cerro Verde
- Installing 5th QemSCAN unit in 2006

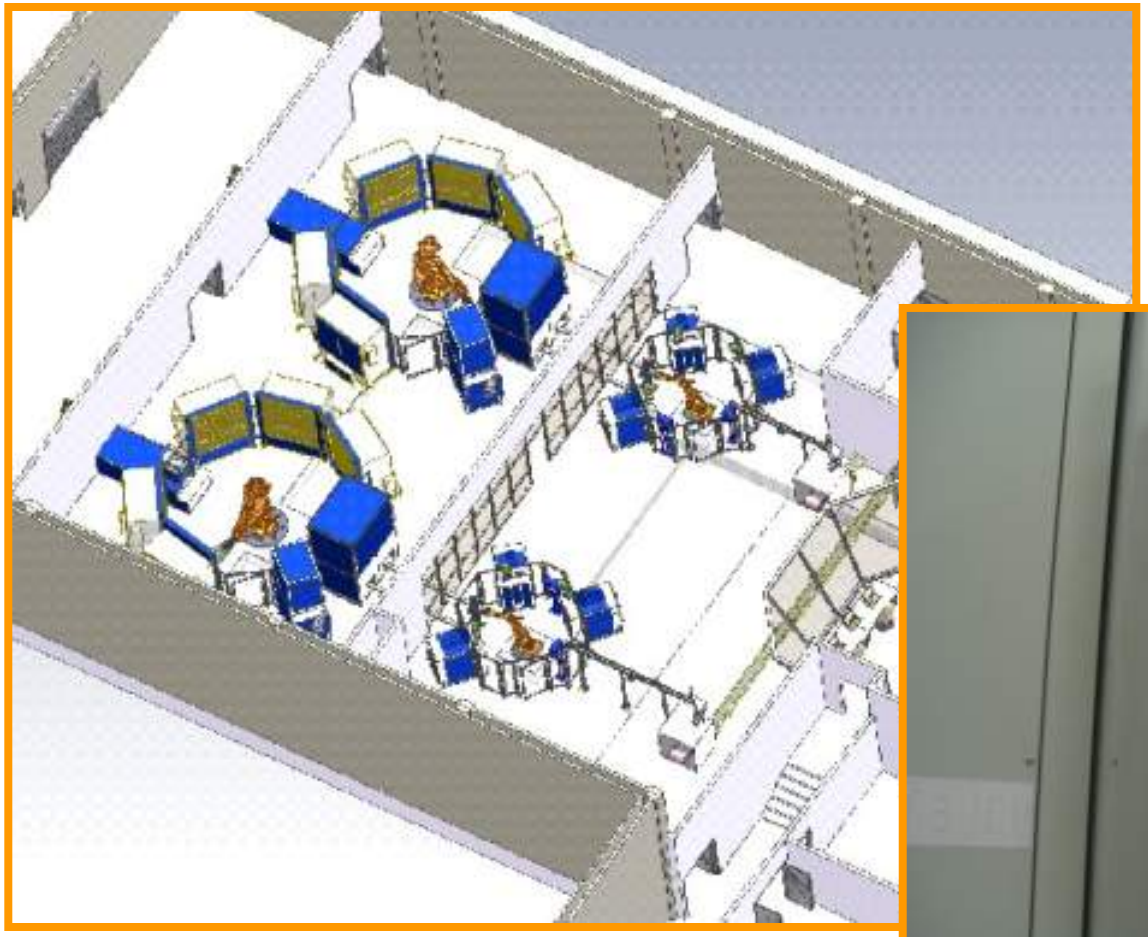
North American Central Analytical Service Center – Safford, AZ



NA Operations Served by Central Analytical Service Center



Central Analytical Service Center – Fully Automated Facility



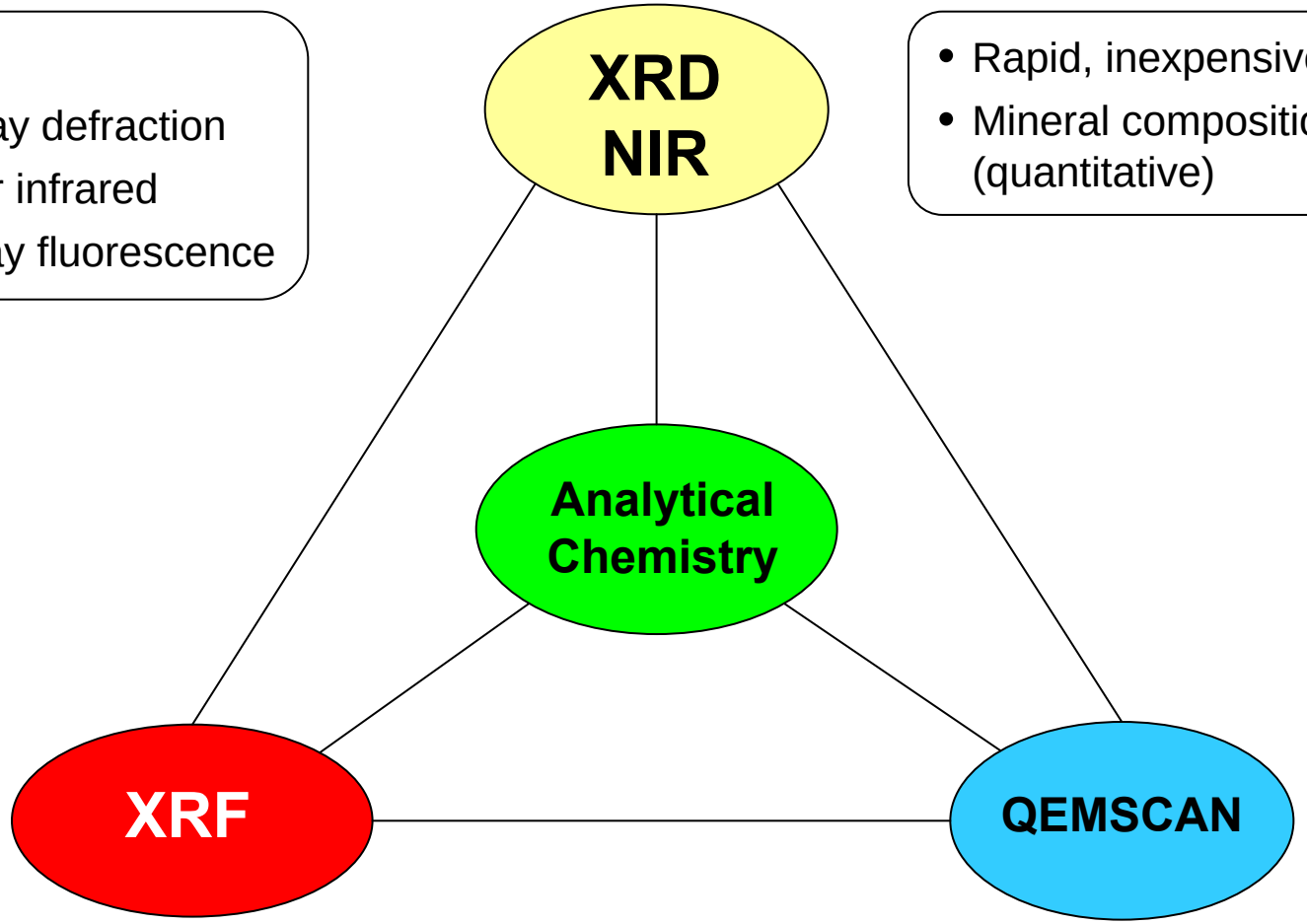
Improves precision, accuracy and reliability

Design capacity – 1,000 samples per day

Material Characterization – Summary of Techniques

Definitions:

- XRD: X-ray defraction
- NIR: Near infrared
- XRF: X-ray fluorescence

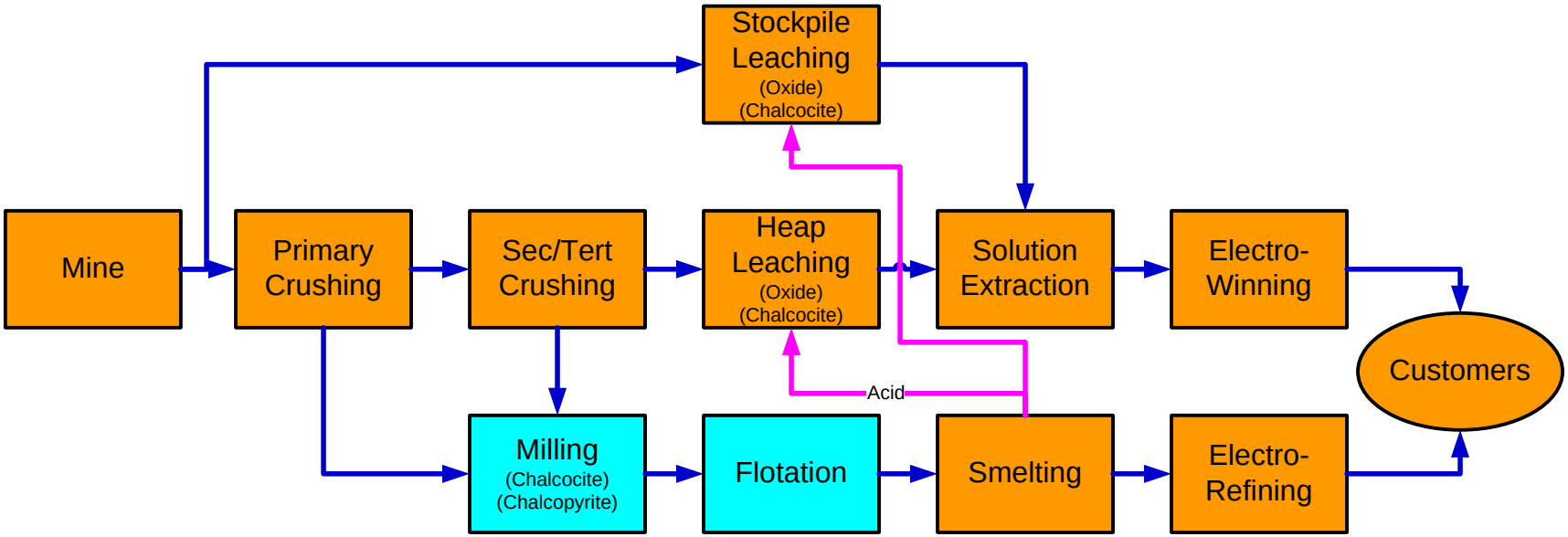


- Rapid, inexpensive
- Mineral composition (quantitative)

- Rapid, inexpensive
- Multi-element chemistry and mineral composition by calculation

- Expensive, not rapid
- Mineral composition (quantitative), mineral textures, associations, locking, grain size, alteration and gangue mineral details

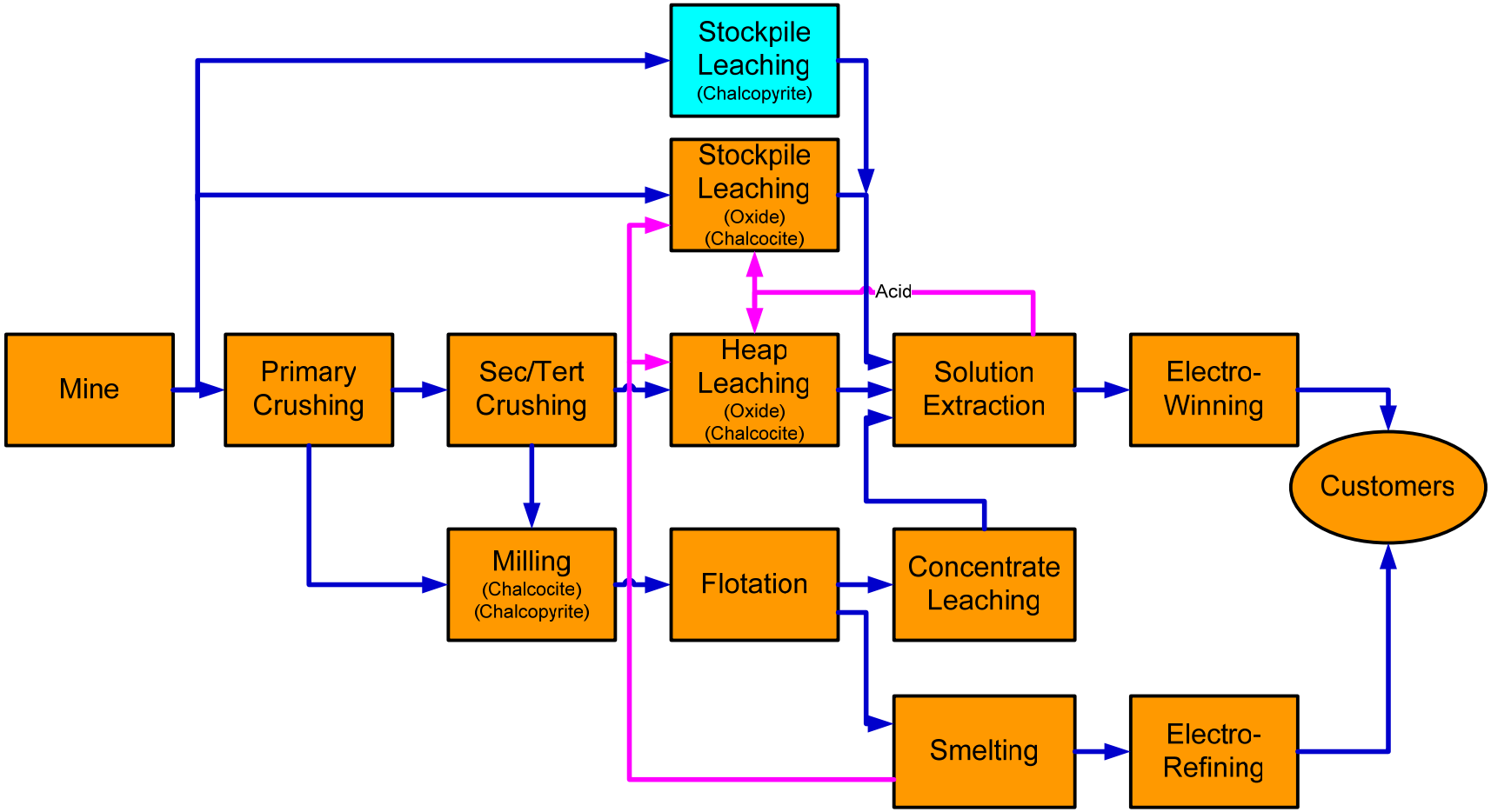
Mineral Processing



Application of High Pressure Grinding Rolls at Cerro Verde

- Cerro Verde milling circuit to include high pressure grinding rolls (HPGR) instead of SAG mills
- Comparison with SAG milling
  - Higher throughput
  - Greater energy efficiency – lower unit power consumption
  - Greater flexibility
  - Lower operating cost
  - Higher capital cost
- Financial impact
  - Significantly reduces power consumption and production costs

Enhanced Sulfide Heap and Stockpile Leaching



Leaching Developments – Engineered Heaps and Stockpiles

- Optimize leach performance
- Process design for new projects
  - Metallurgical testing and development
- Enhance refractory ore leaching
  - Monitor and evaluate existing stockpiles
  - Accelerate and increase ultimate recovery
  - Bacteria optimization
  - Air injection
  - Solution application optimization

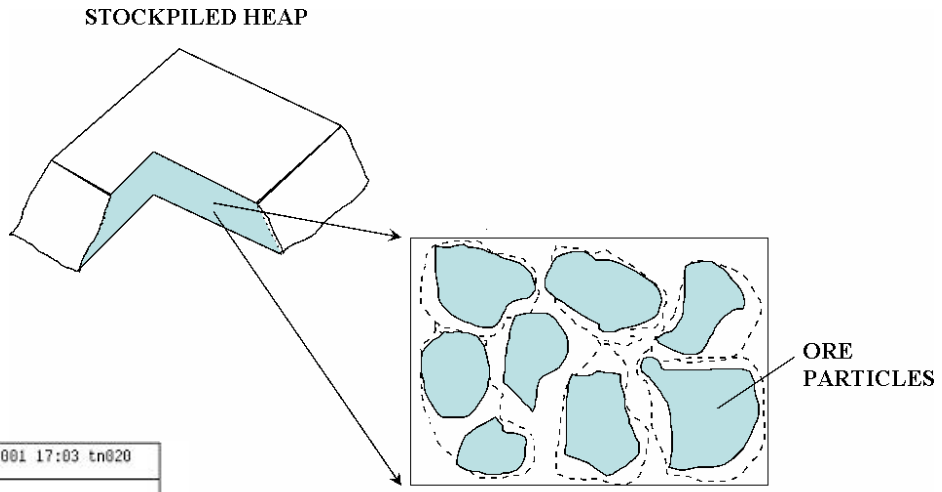
Progress on Chalcopyrite Stockpile Leaching

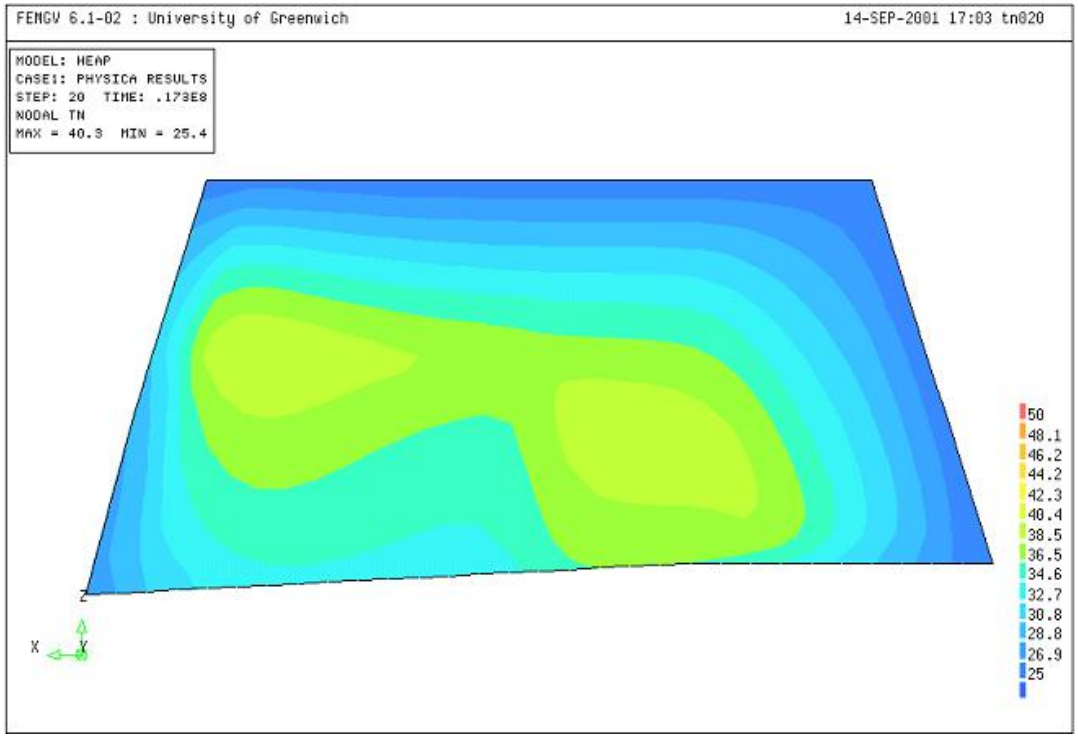
Leaching Developments – Bacterial Augmentation

- Stream contains $3x10^8$ cells/ml genetically selected bacteria
- Delivers two separate bacterial strains simultaneously
- Skid mounted
- Design based on Bagdad plant shown below

Advanced Modeling to Improve Heap Performance

Air and solution modeling in heap





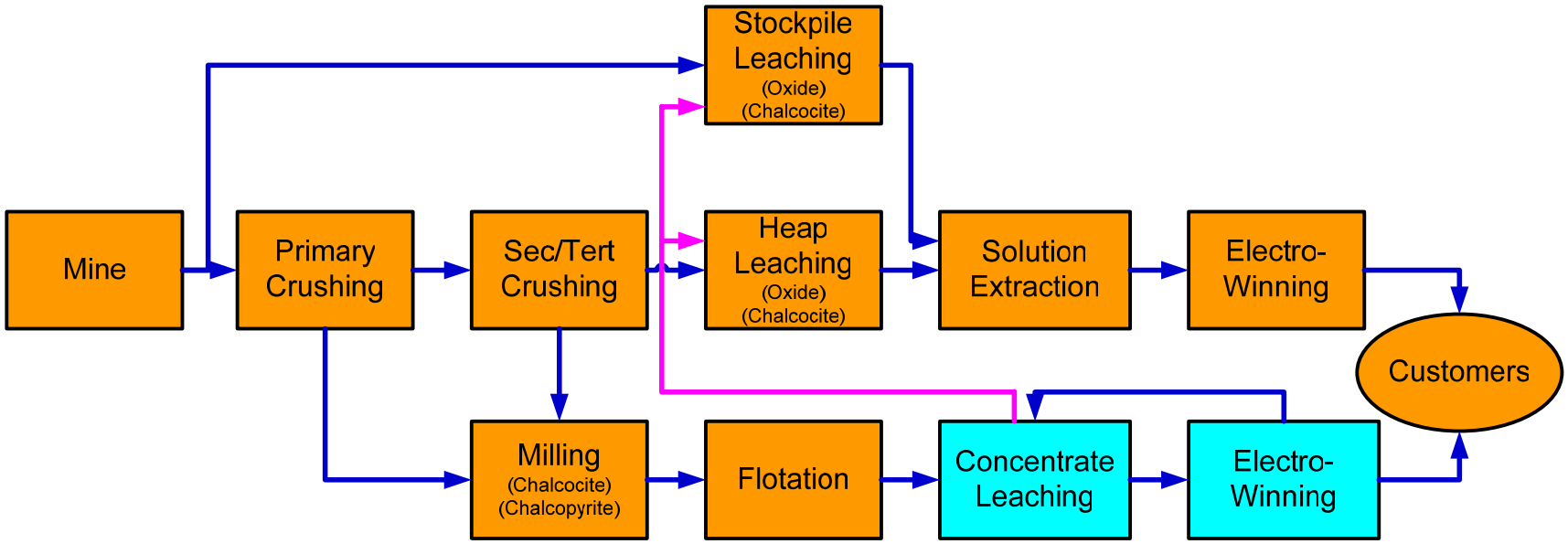
Temperature profile of heap

Enhanced Chalcopyrite Leaching – Bagdad Crystal Mountain

Morenci Enhanced Stockpile Leaching

- Low-grade ore from Western Copper
  - Below mill cut off grade material
  - Mixed sulfide minerals – chalcopyrite, chalcocite
  - 188 million ton stockpile to be constructed
  - Air injection
  - Bacteria augmentation
  - Controlled solution application
- Largest engineered chalcopyrite stockpile leach in the world

Concentrate Leaching and Direct Electrowinning



Concentrate Leaching – Bagdad

Bagdad MT-DEW Process Conversion – Ultra-fine Grinding

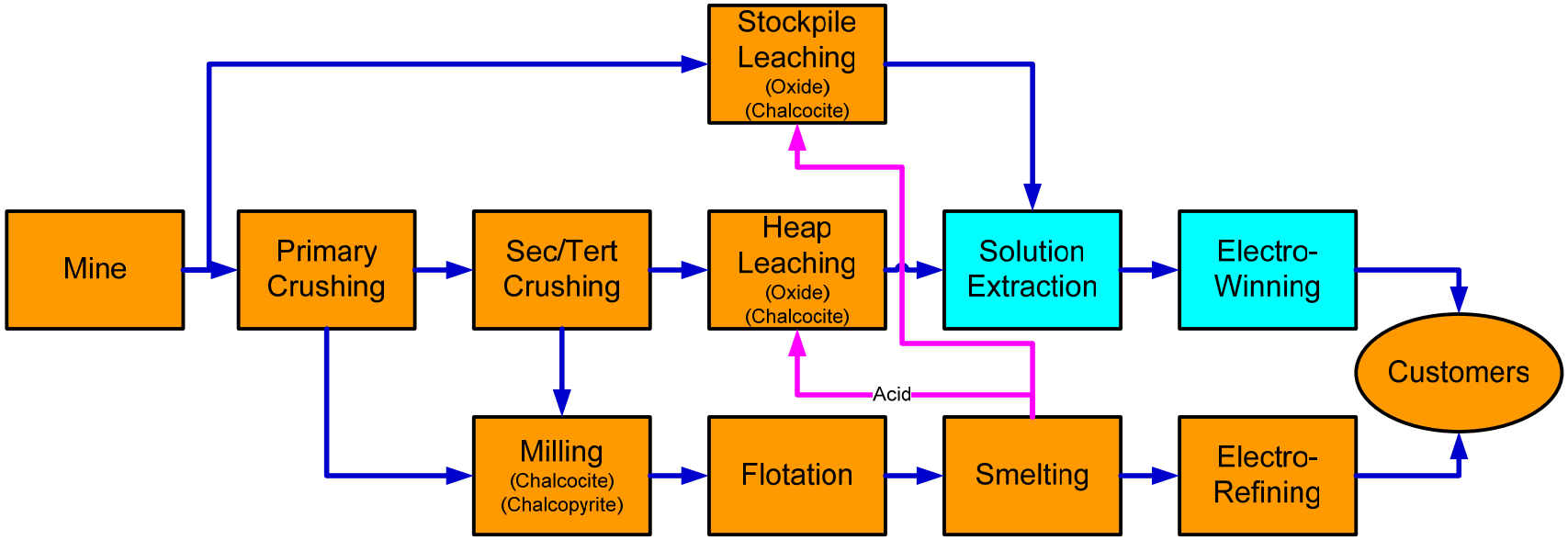
Morenci Concentrate Leaching Application

- Morenci Western Copper concentrate mineralogy
  - Mixed chalcopyrite, covellite, chalcocite, pyrite
- Medium temperature and direct electrowinning process selected
  - Best fit with Morenci concentrate production and acid balance
  - Utilize existing EW and SX capacity at Morenci

Solution Extraction and Electrowinning

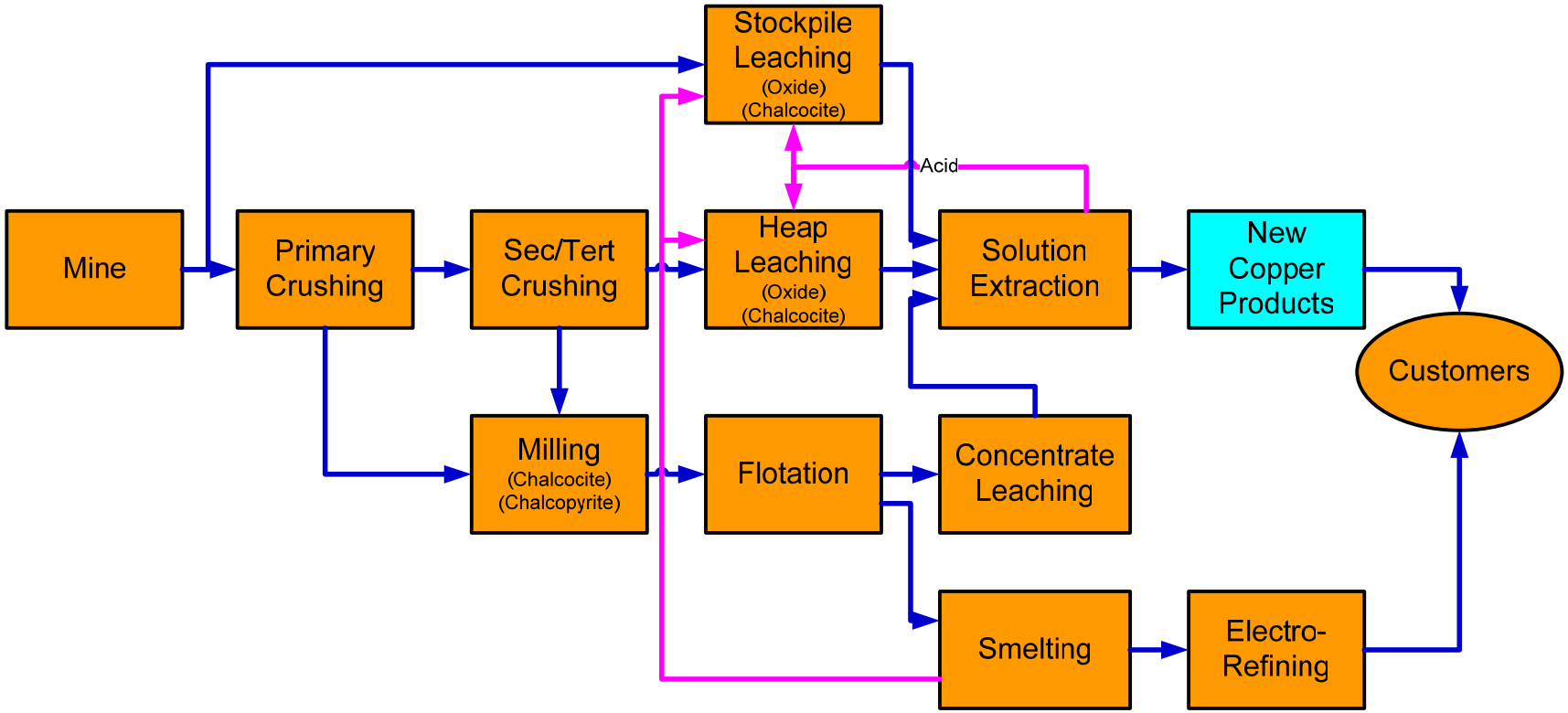
Technology development efforts under way to reduce energy consumption in electrowinning by 15-35%

Technology not yet proven, but showing promise



Solution Extraction/Electrowinning

New Copper Products Opportunities



New Copper Products

- Copper powder technology
  - Potential replacement for cathode to rod
  - Specialty copper powders
- Copper powder process reduces or eliminates the following:
  - Manual harvesting of cathodes
  - Cell cleaning
  - Stainless blank repairs and replacement
  - Stripping machines
  - Slippery or brittle cathodes
- Focused on reducing costs and improving process safety and efficiency
- PDC proprietary technology
- Demonstration plant in operation at Morenci, AZ

Exploration

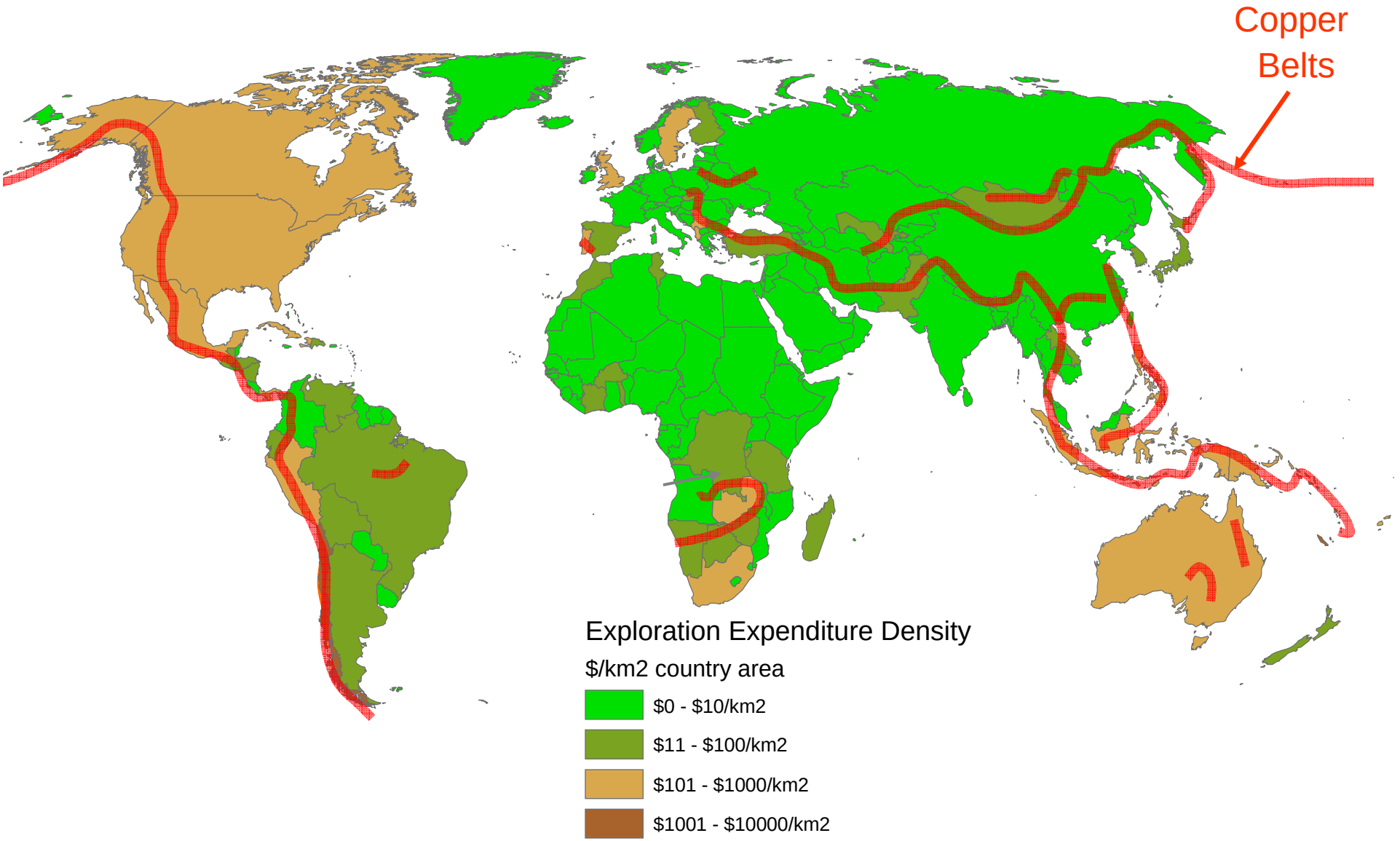
Richard A. Leveille

President, Exploration

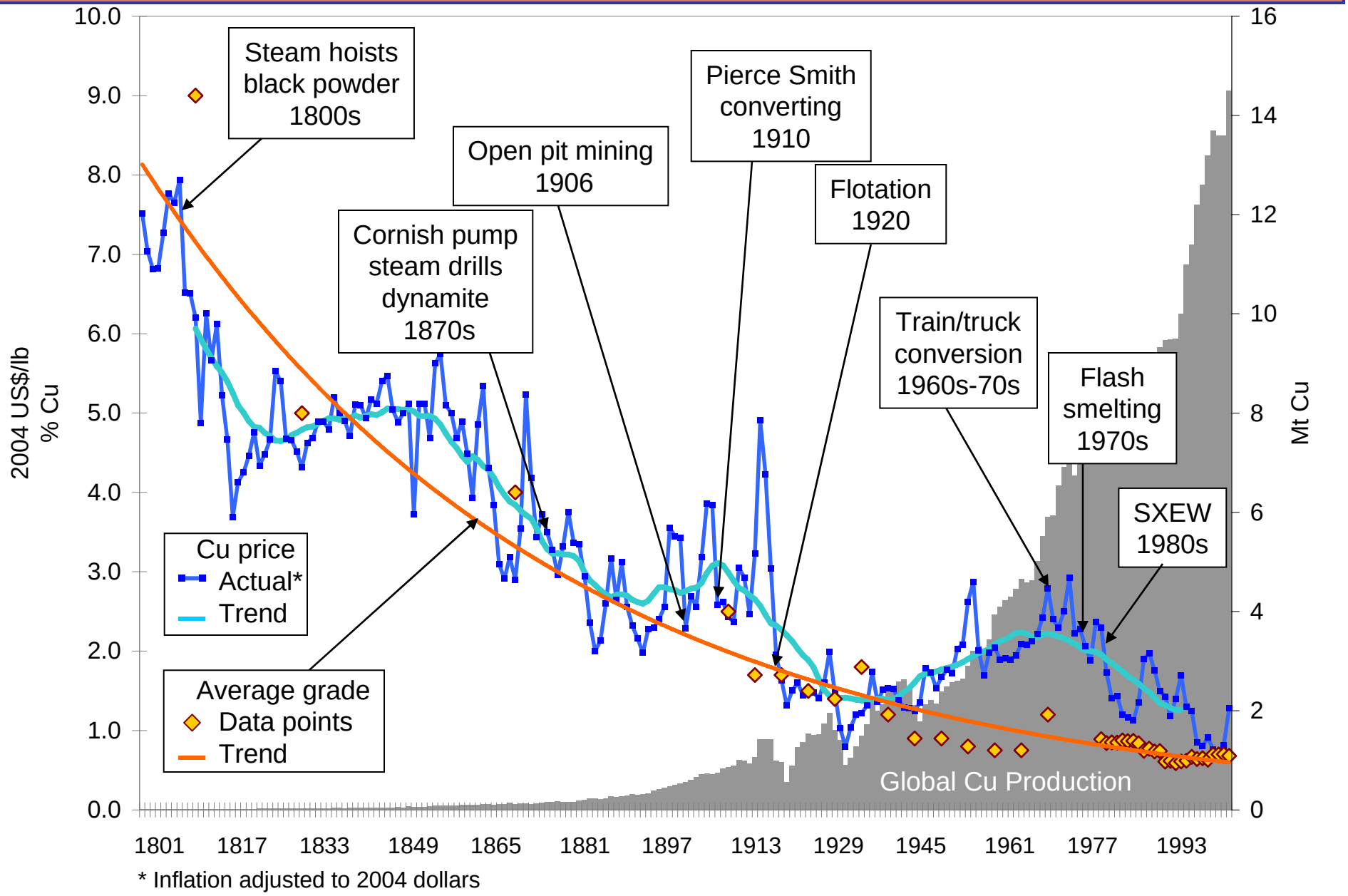
PD Exploration – Industry Trends

- Industry exploration trends
  - Exploration maturity
    - Outcropping orebodies in safe, easily accessible areas have largely been discovered
    - Industry focusing on less explored, less secure areas
    - Industry focusing on deeper underground targets
  - Evolution of technology is opening new opportunities for exploration targets

Strategy Driver – Copper Exploration Maturity



Technology Trends and Copper Production



* Inflation adjusted to 2004 dollars

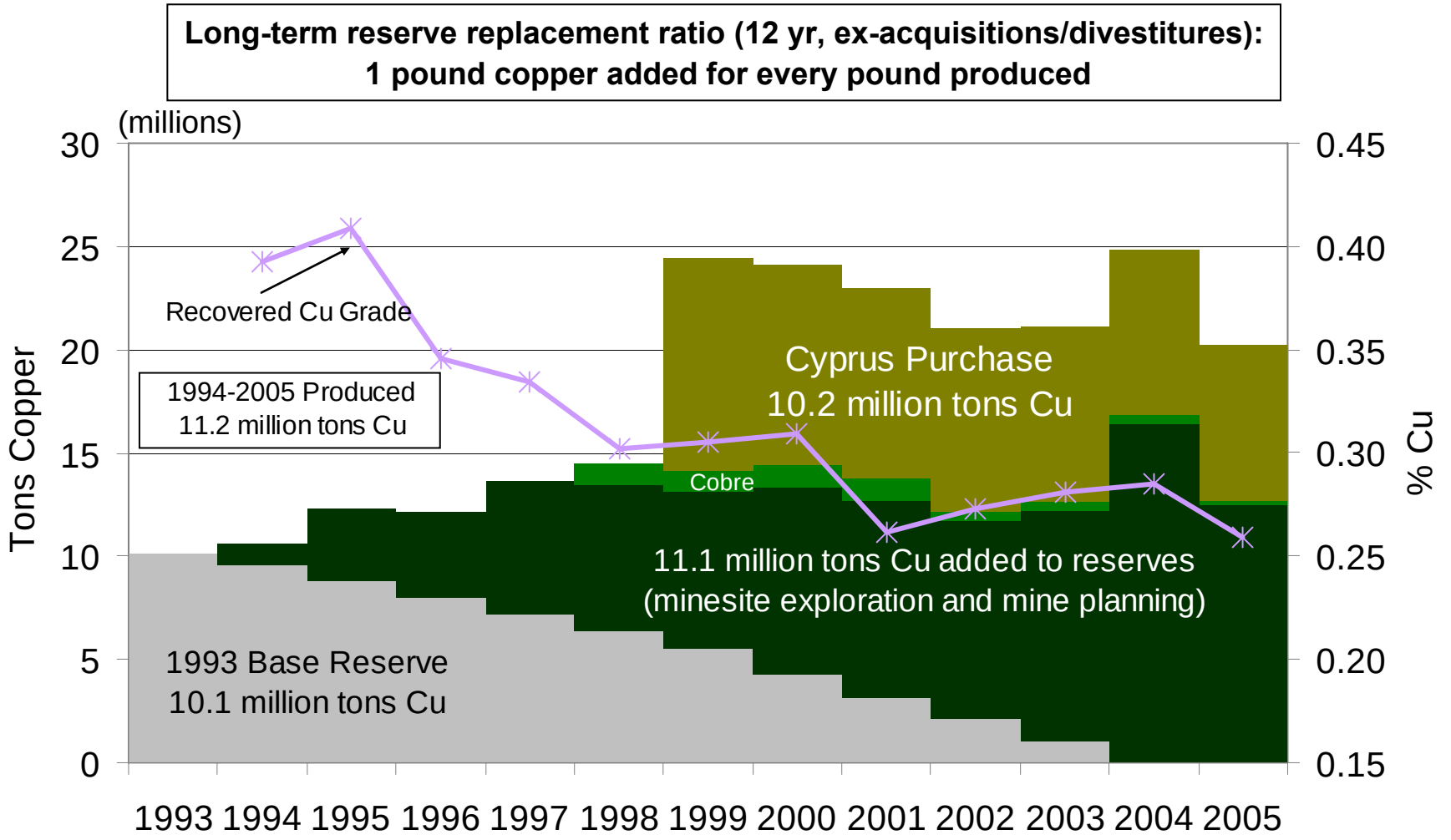
PD Exploration – Objectives and Focus

- Objectives
  - Substantially improve PDMC reserve grade
  - Greatly increase probability of short-term greenfield success
  - Extend mine-life and improve ore grades at existing operations
- Focus
  - Outcropping mineralization in less explored areas
  - Deeper underground opportunities
  - Junior and mid-tier companies for JV/acquisition
  - Continued significant minesite reserves additions
  - Leverage advances in Phelps Dodge technology

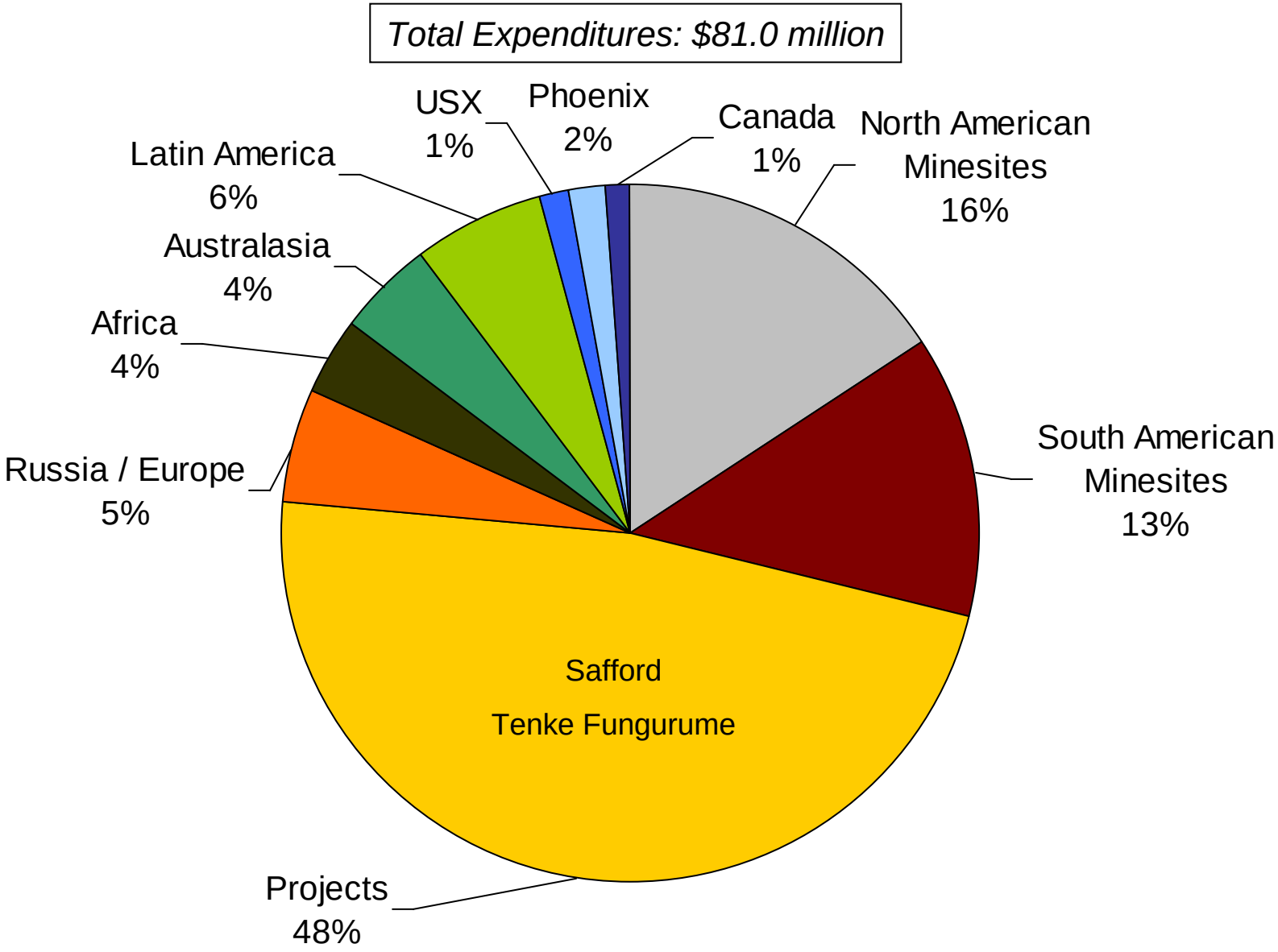
Experienced International Exploration Team

- Education
  - 21 PhD
  - 20 M.S.
  - 45 B.S.
- Geographical Distribution
  - 22 – Latin America
  - 21 – Russia and former Eastern Bloc
  - 19 – US and Canada
  - 11 – Philippines
  - 5 – Europe
  - 4 – Africa
  - 2 – Australia
  - 2 – China
- Closely linked with Phelps Dodge team
  - Technology
  - Development
  - Finance

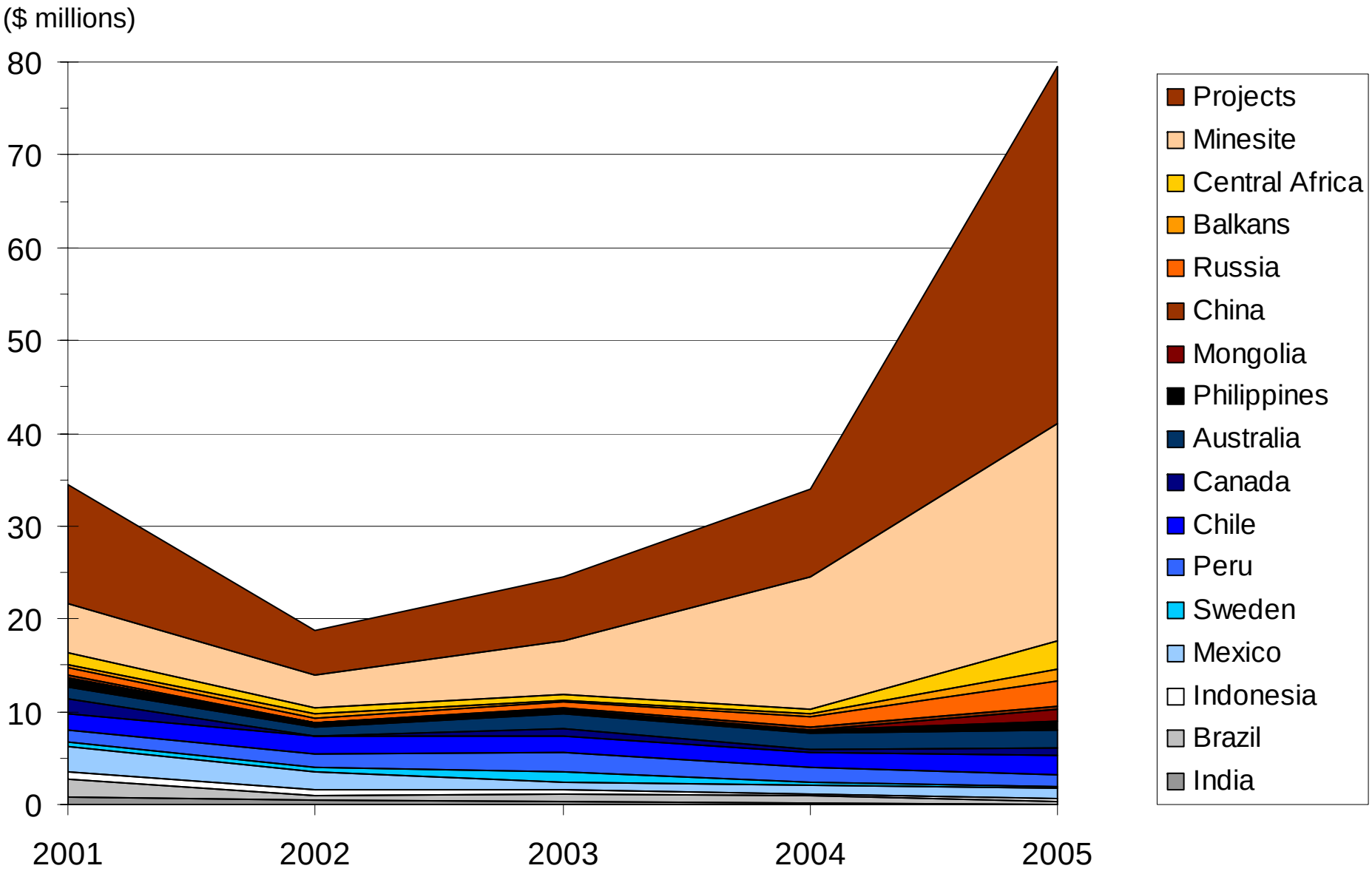
PDC Has History of Increasing Reserves



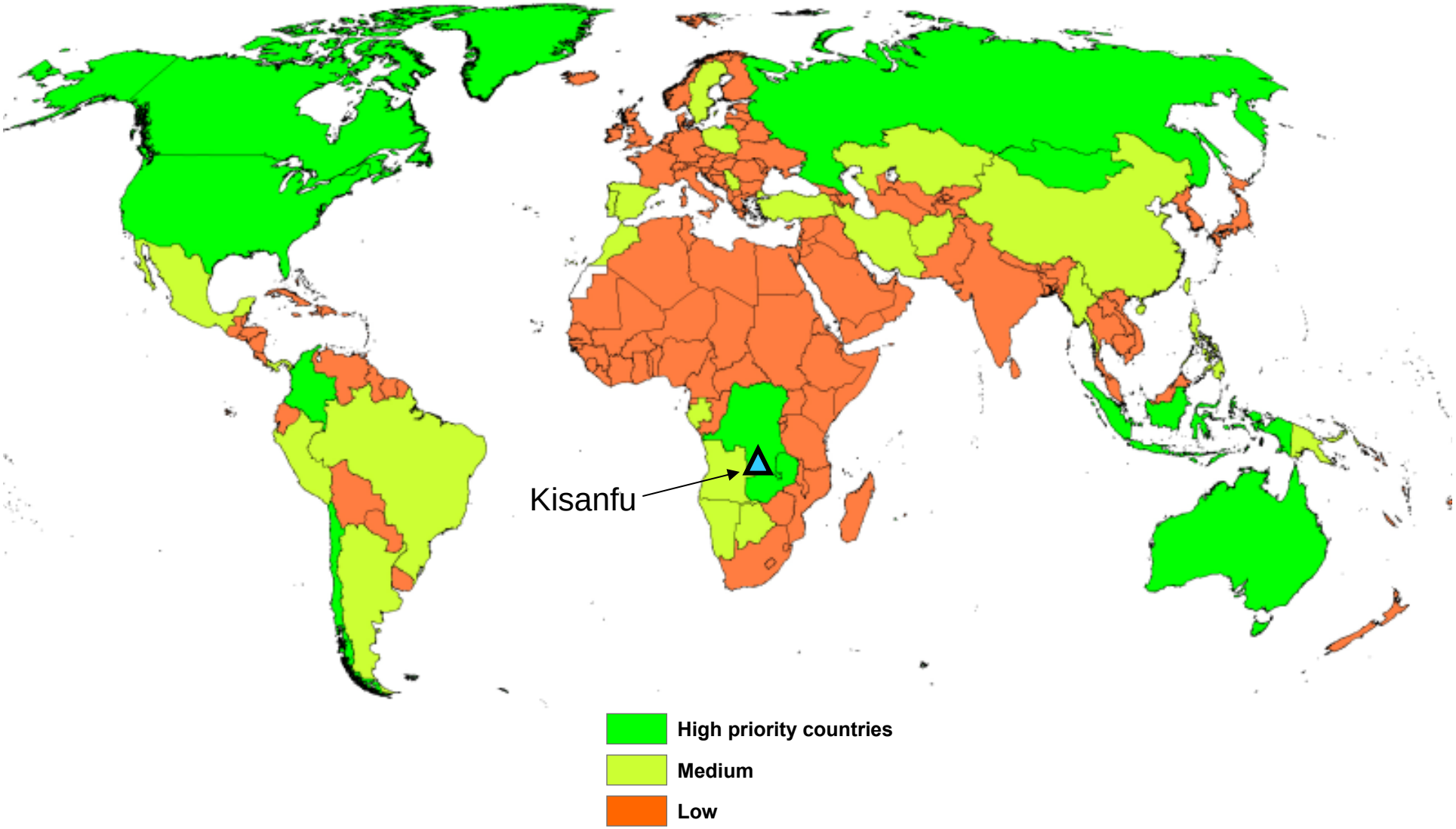
2005 Exploration Spending



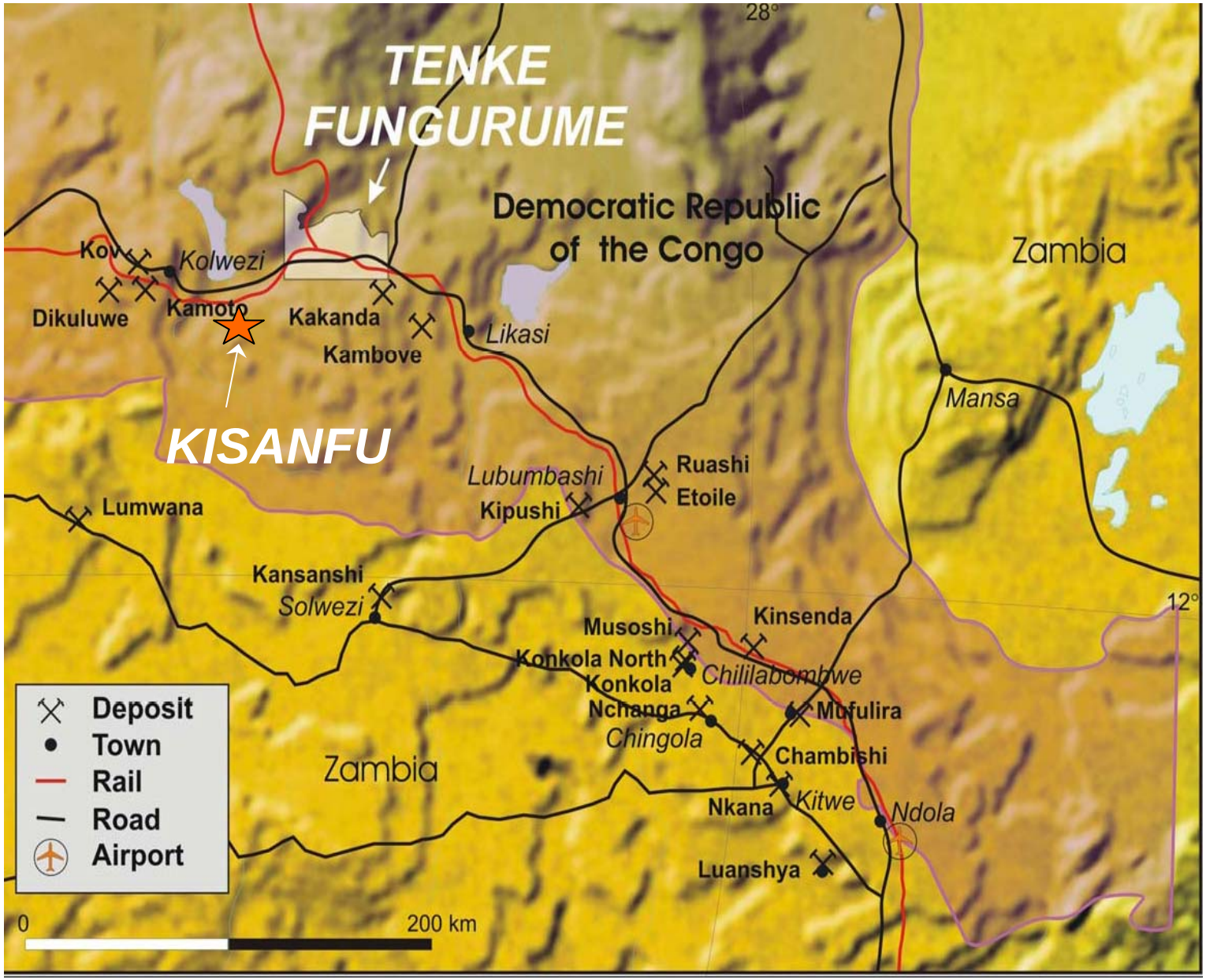
PD Has Increased Exploration Spending and Changed Distribution



Greenfield Project Example – Kisanfu, DRC



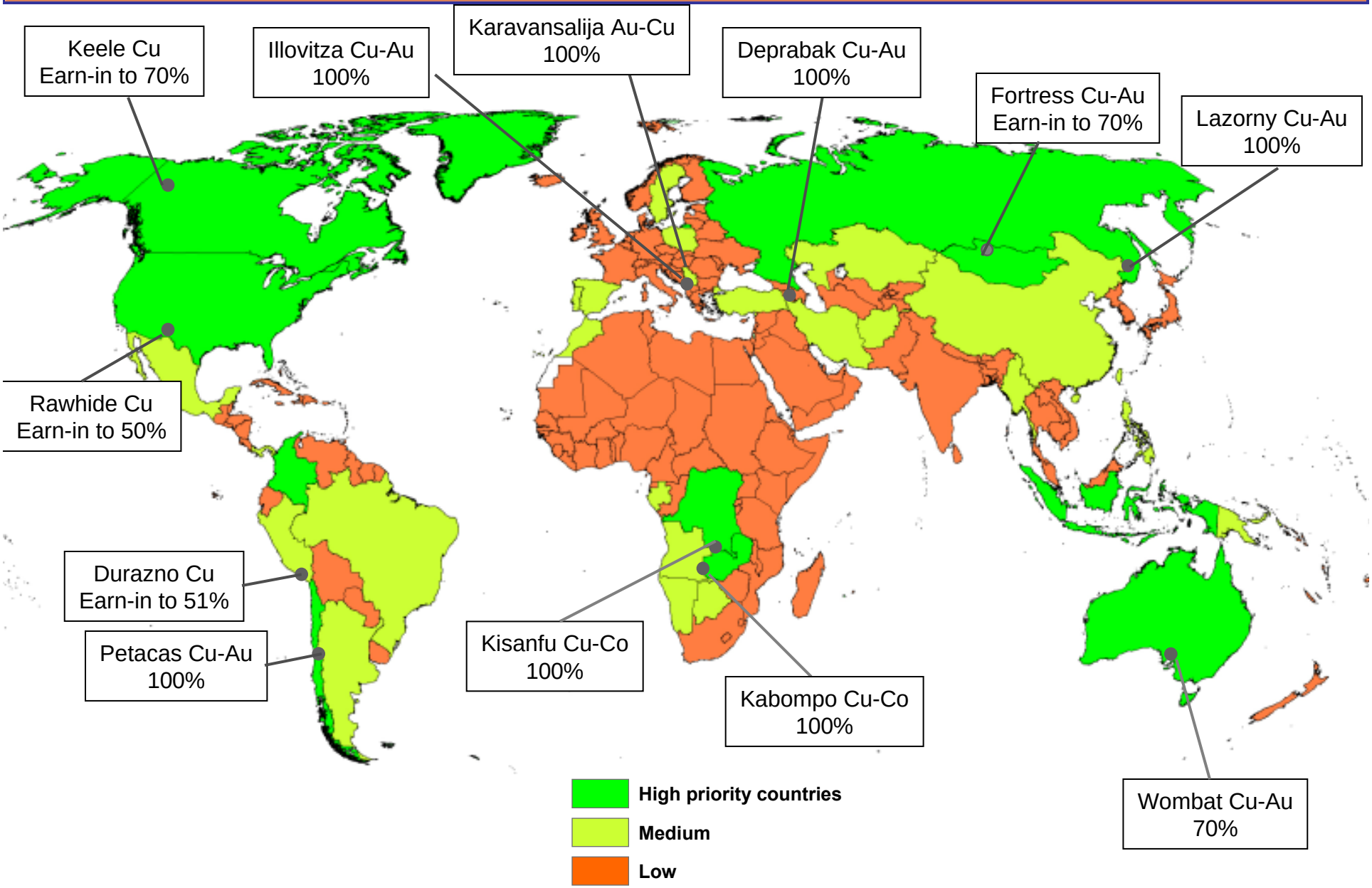
Kisanfu, DRC – Located Near Tenke Fungurume



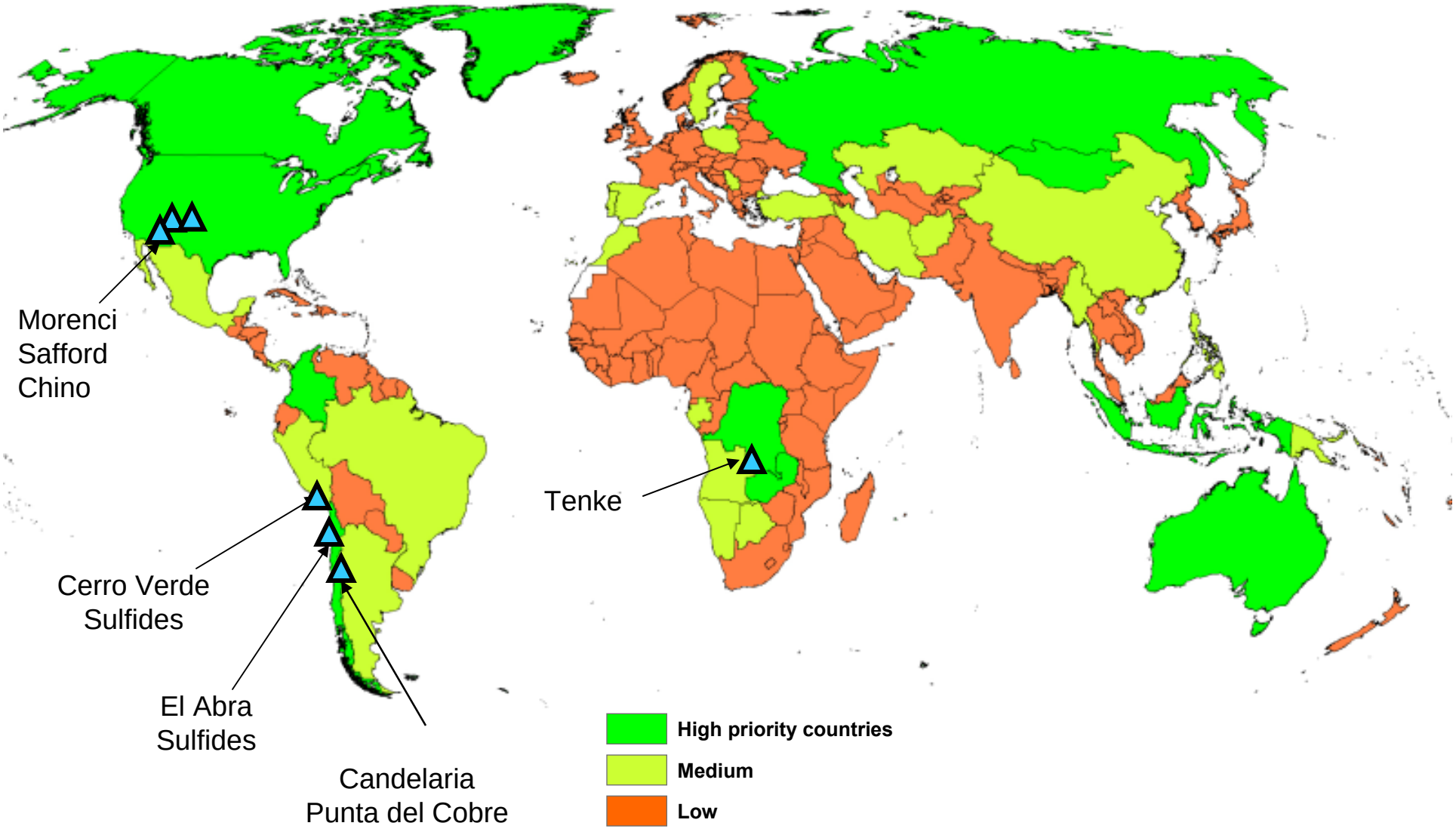
Kisanfu – Copper/Cobalt Prospect

- Sediment-hosted copper and cobalt deposit
- 2 core rigs on site, 3 additional planned for 2Q06
- Scoping study anticipated by end of 3Q06

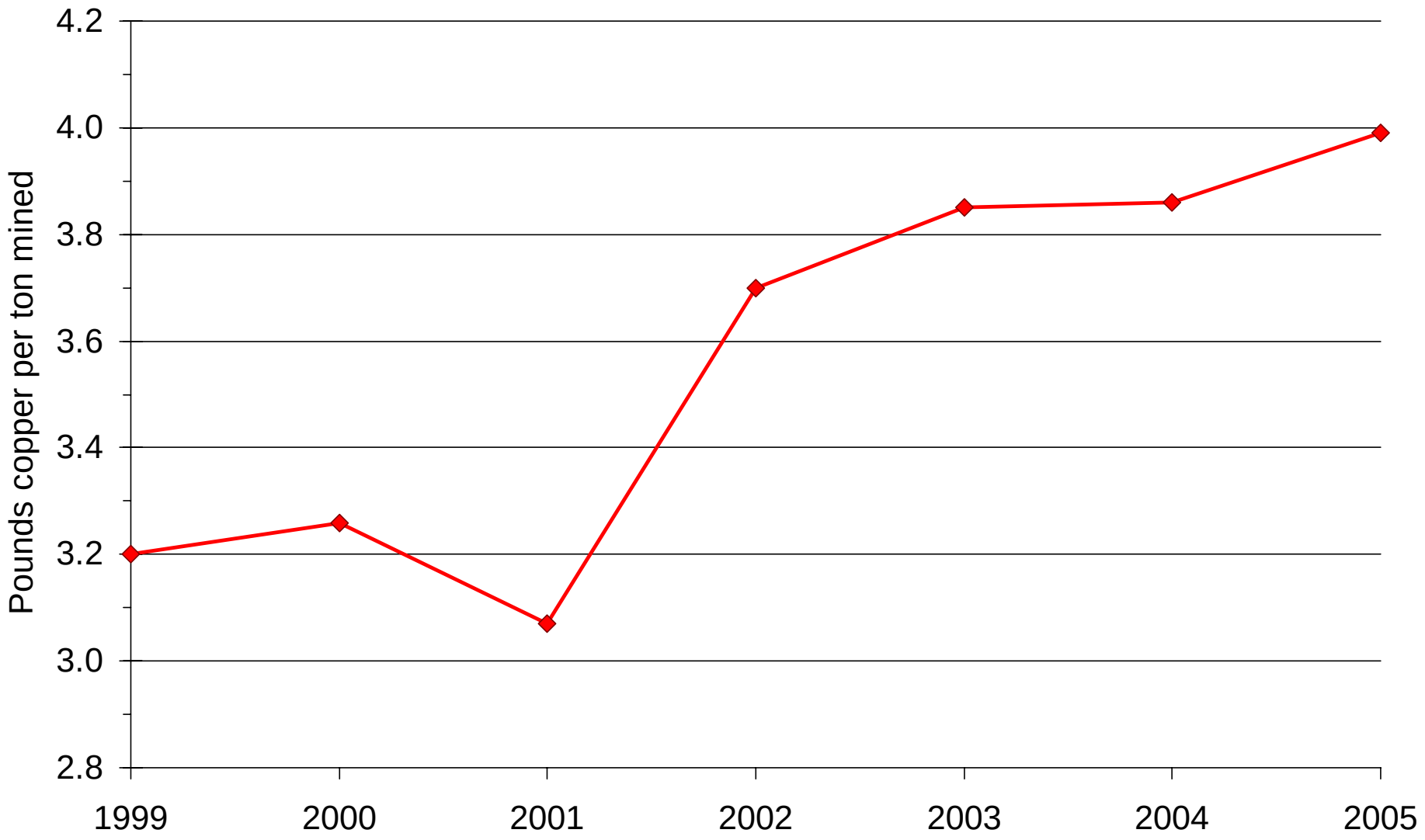
Summary of High Priority Pipeline Projects



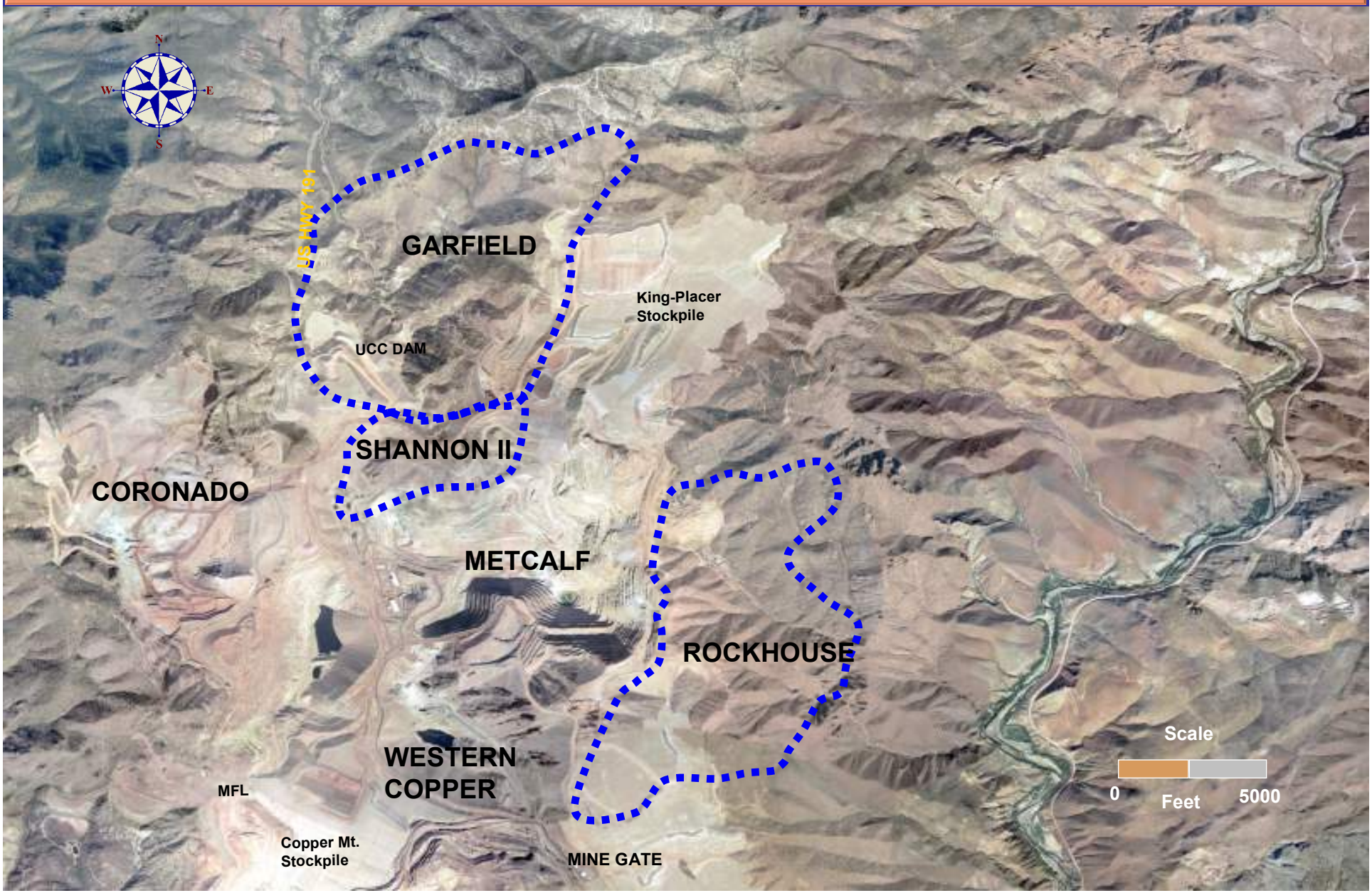
Minesite Exploration – Current and Future Focus



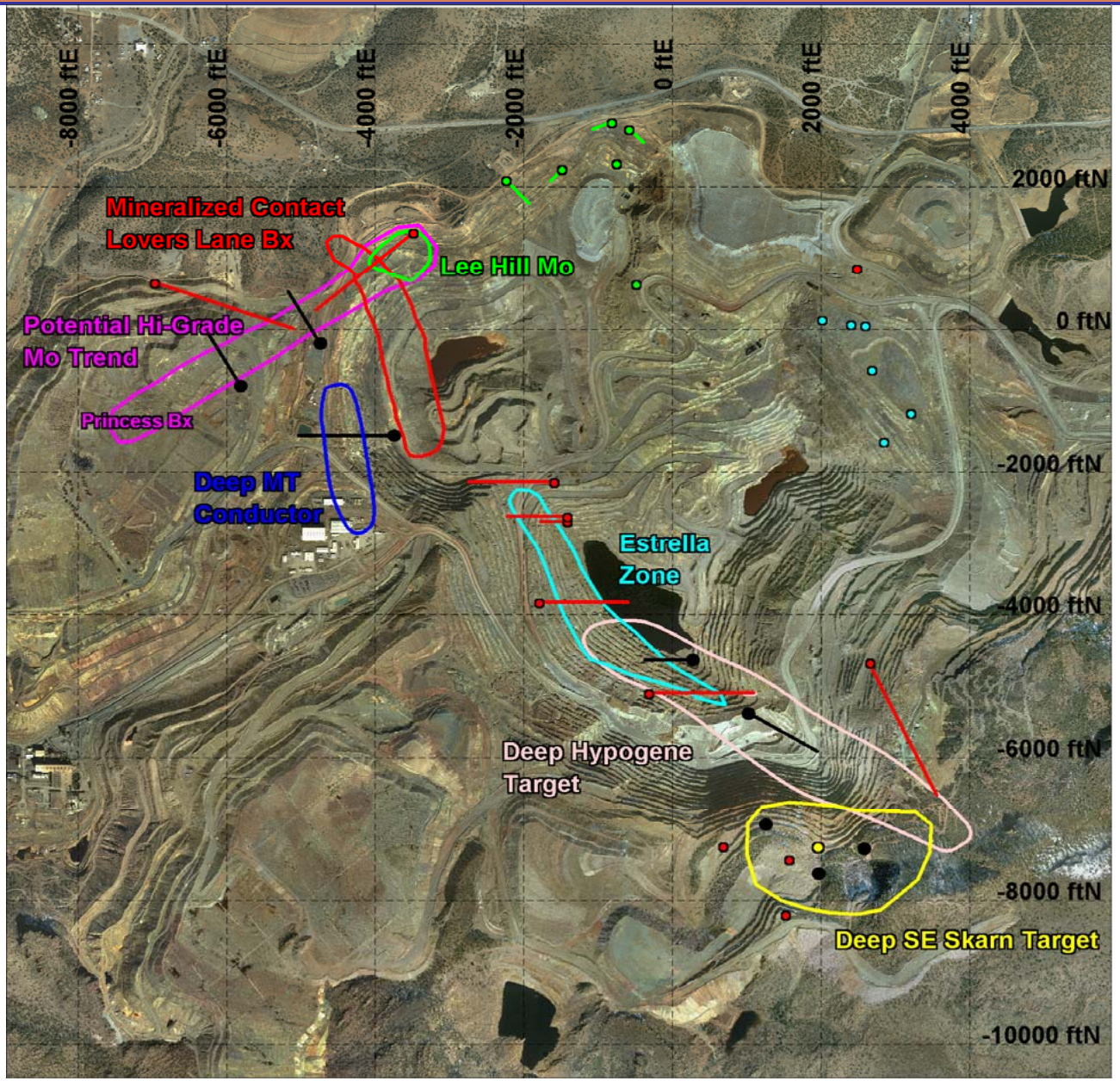
Minesite Exploration – Improving Quality of Ore Reserves



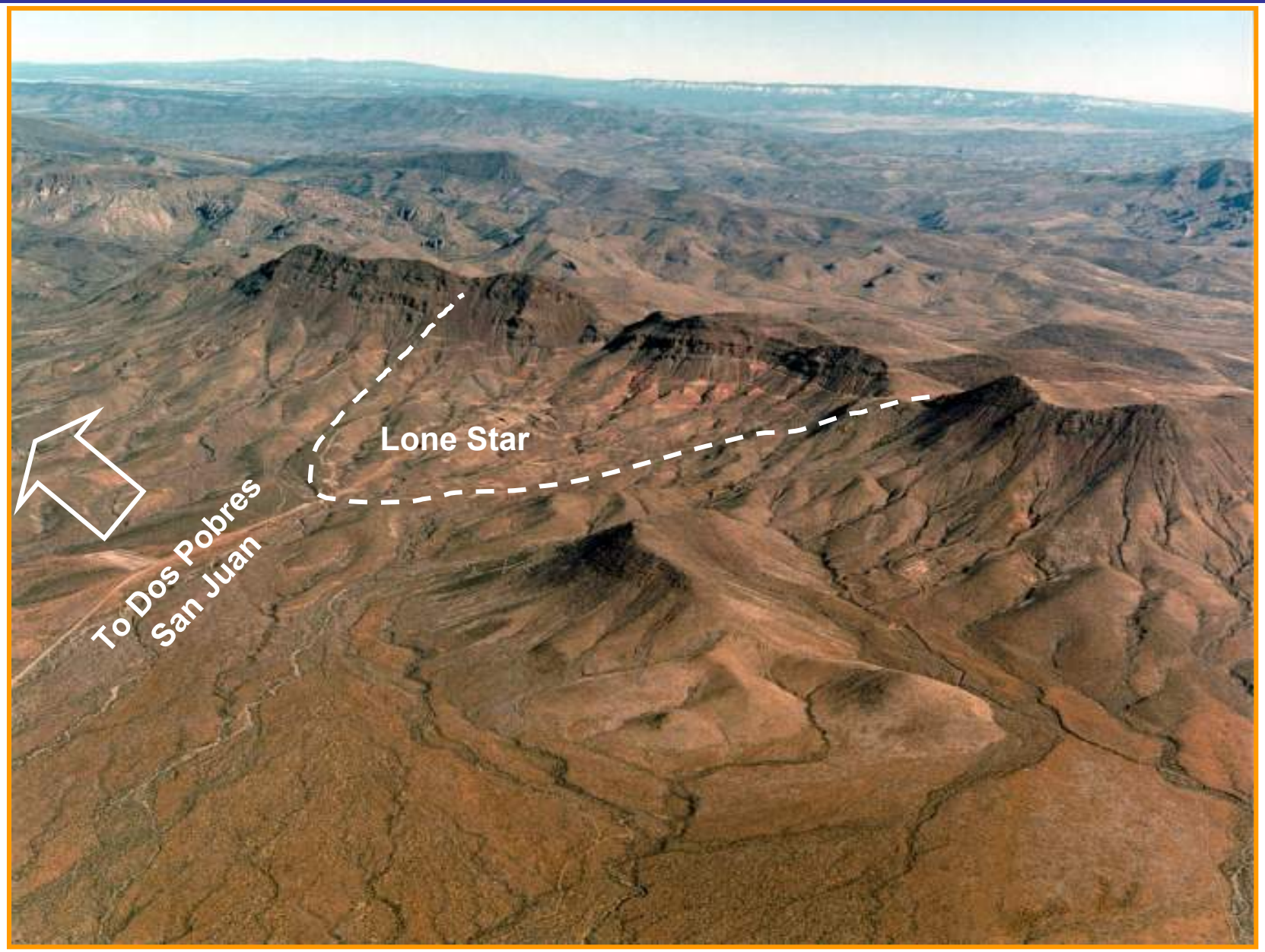
Mines and Exploration Project Areas in Morenci District



Underground Targets: Chino



Major Project at Lone Star (Safford District)



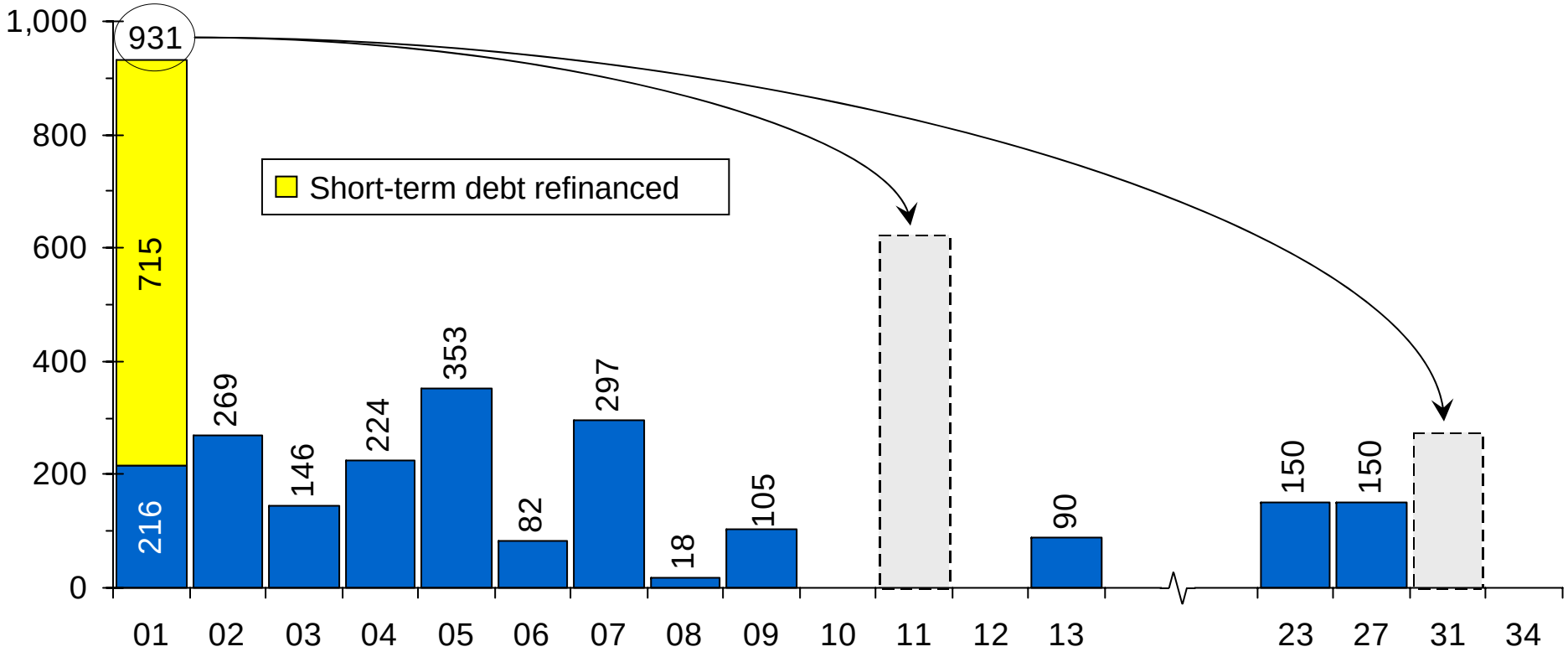
Financial Overview

Ramiro G. Peru

Executive Vice President and Chief Financial Officer

Financial Flexibility Severely Restricted in 2000

($ millions) Pro Forma Debt Maturity Profile as of 12/31/2000 (Pre-FIN-46)



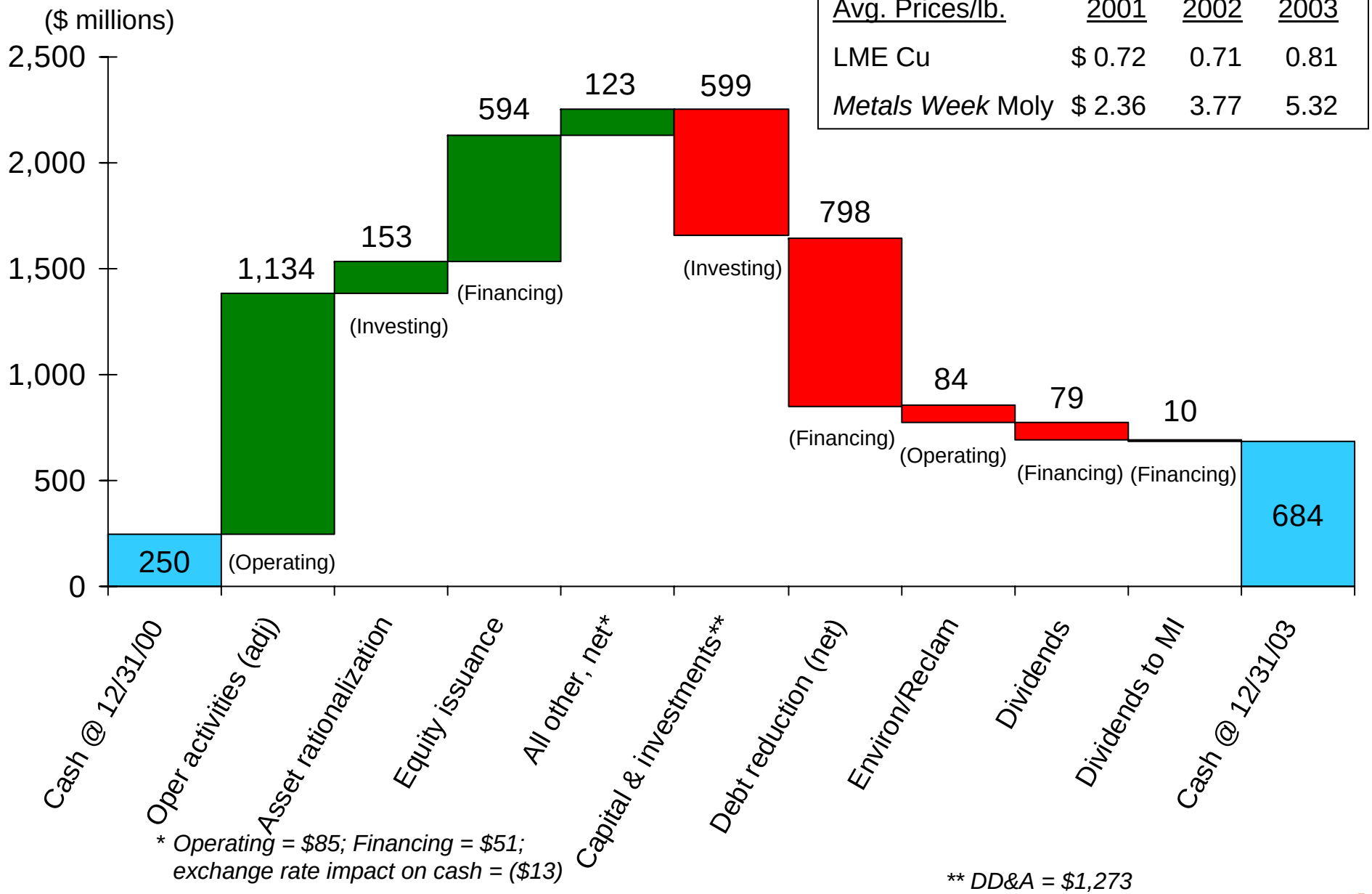
- Cyprus acquisition in 4Q99 significantly increased debt
- Downgrades by rating agencies; no access to commercial paper; significant maturities; etc.
- $2.7 billion debt at 12/31/00 (debt/cap ~45%) with $250 million of cash; $2.9 billion debt at 12/31/01 (debt/cap ~51%)
- $1.9 billion (~70%) of maturities due in 5 years (2001–05)
- 2001 interest expense = $226 million

Significant Competing Demands on Cash Flow

- Maintenance capital, exploration and R&D
- Debt reduction
- Ordinary-course-of-business funding requirements
  - Pensions/retiree obligations
  - Environmental obligations
  - Closure/closeout obligations
  - Discontinued operations
- Existing copper prospects
- New strategic prospects
- Rewarding shareholders

Managing Cash Through Downturn: 2001 – 2003

Avg. Prices/lb.	2001	2002	2003
LME Cu	$ 0.72	0.71	0.81
Metals Week Moly	$ 2.36	3.77	5.32

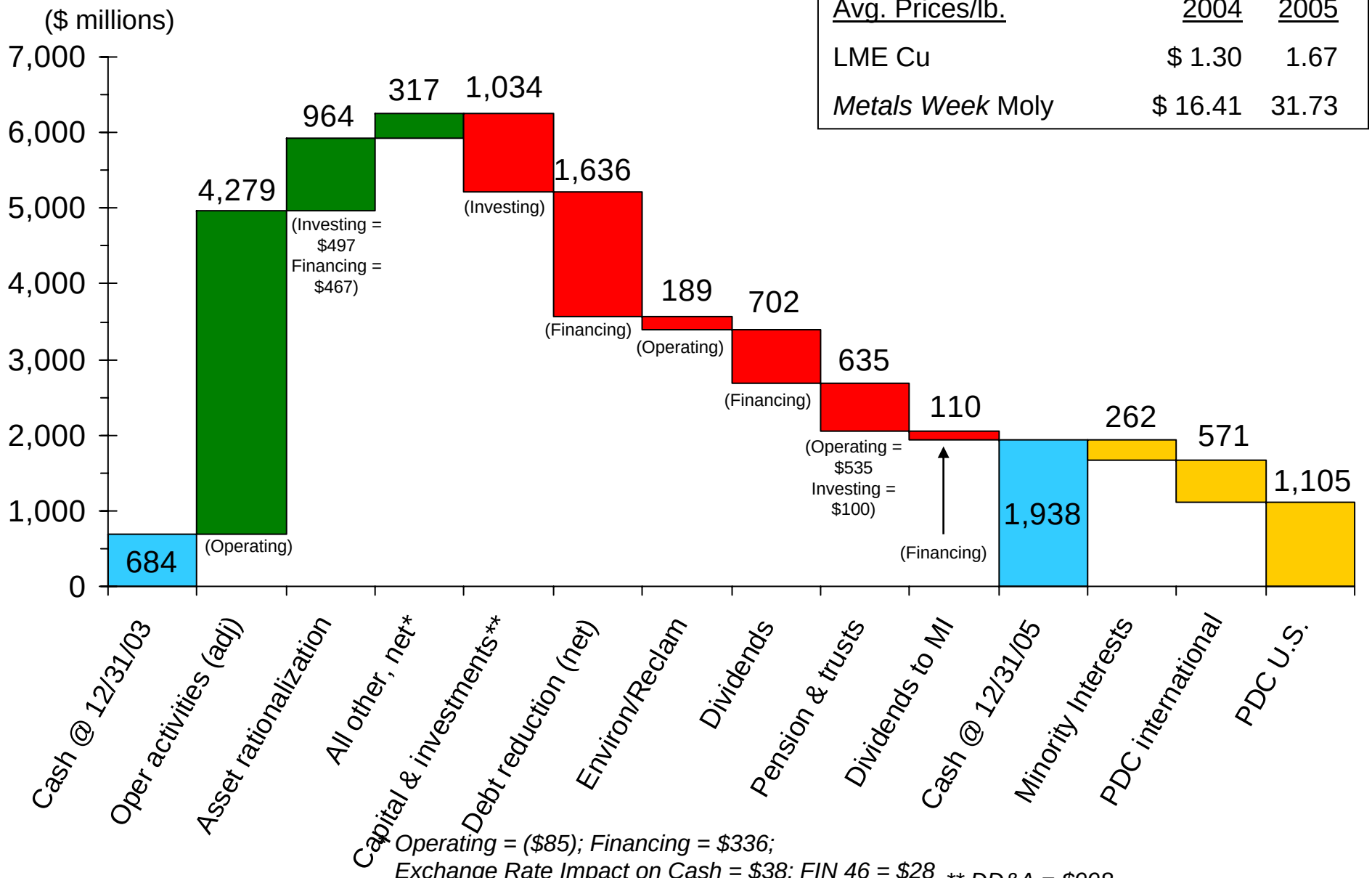


** Operating = $85; Financing = $51; exchange rate impact on cash = ($13)*

*** DD&A = $1,273*

Managing Cash to Enhance Balance Sheet and Financial Flexibility

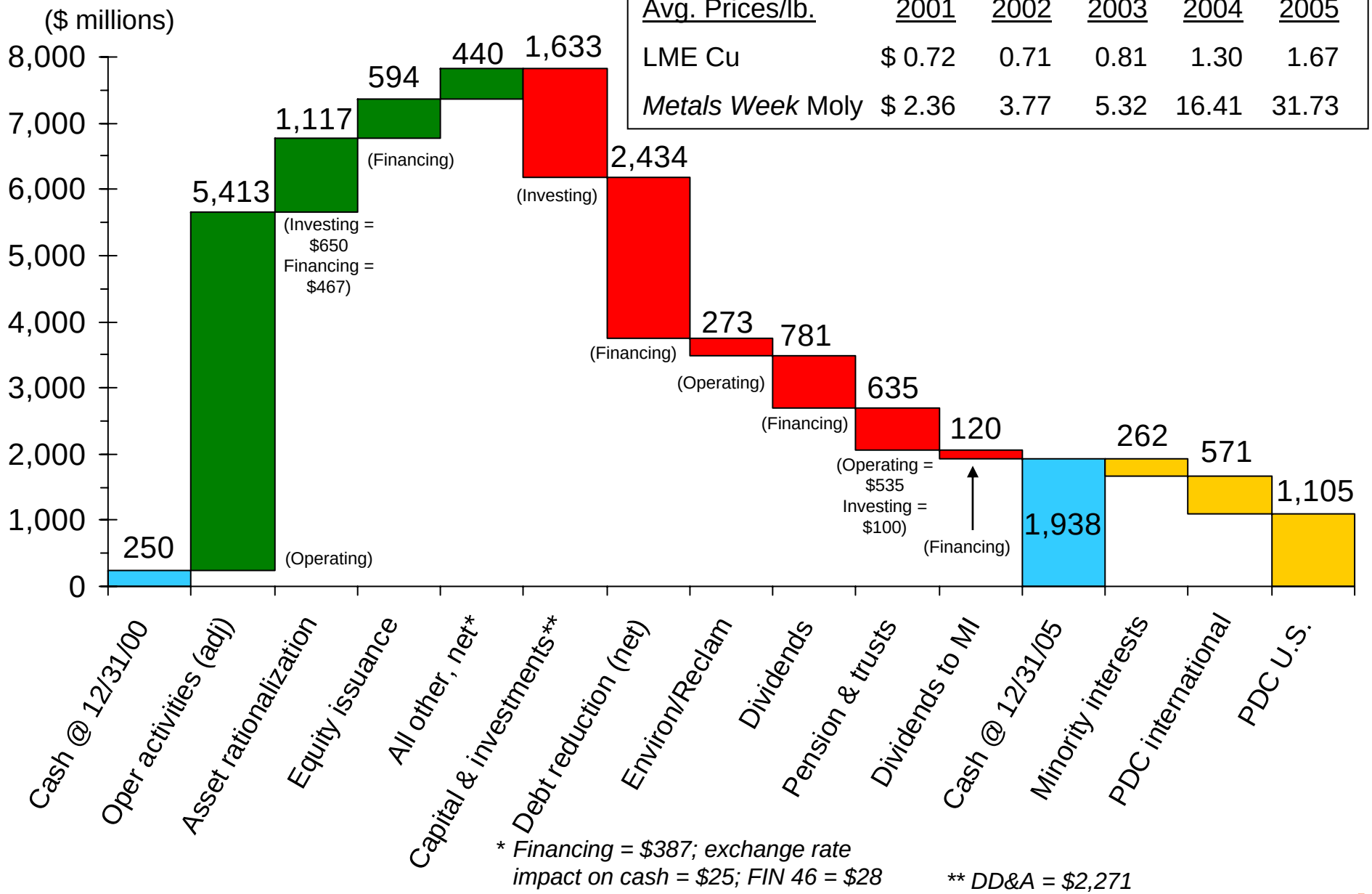
Avg. Prices/lb.	2004	2005
LME Cu	$ 1.30	1.67
Metals Week Moly	$ 16.41	31.73



Operating = ($85); Financing = $336;
Exchange Rate Impact on Cash = $38; FIN 46 = $28 *** DD&A = $998*

Effective/Efficient Cash Management: 2001 – 2005

Avg. Prices/lb.	2001	2002	2003	2004	2005
LME Cu	$ 0.72	0.71	0.81	1.30	1.67
Metals Week Moly	$ 2.36	3.77	5.32	16.41	31.73

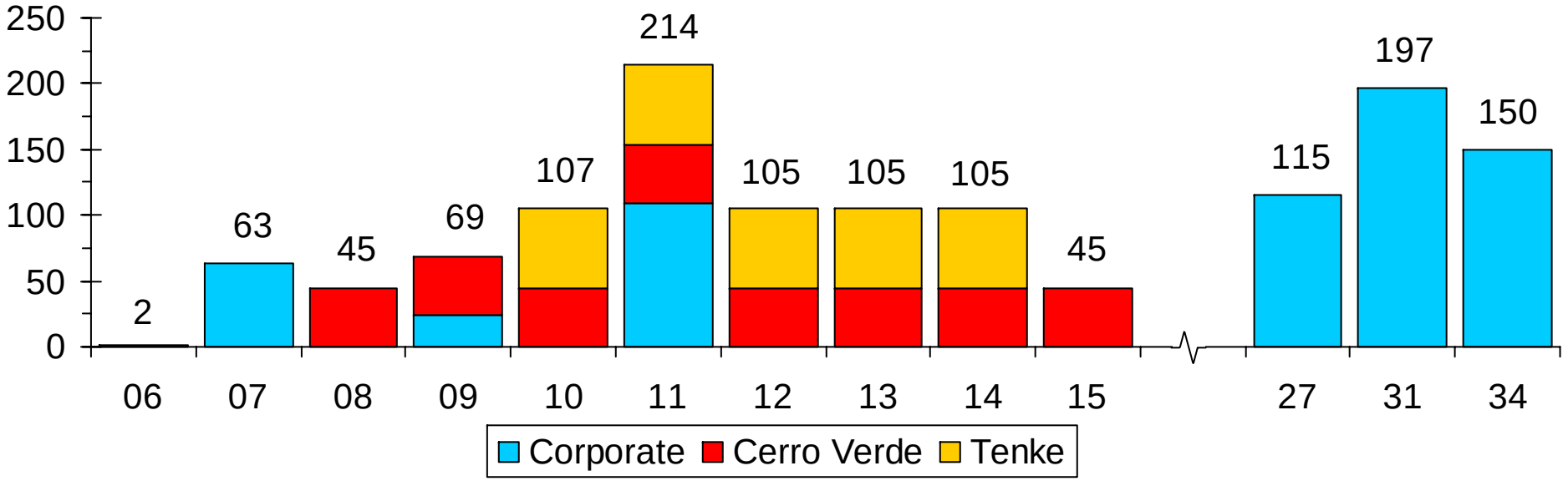


* *Financing = $387; exchange rate impact on cash = $25; FIN 46 = $28*

** *DD&A = $2,271*

Projected Long-Term Debt Maturity Profile Manageable

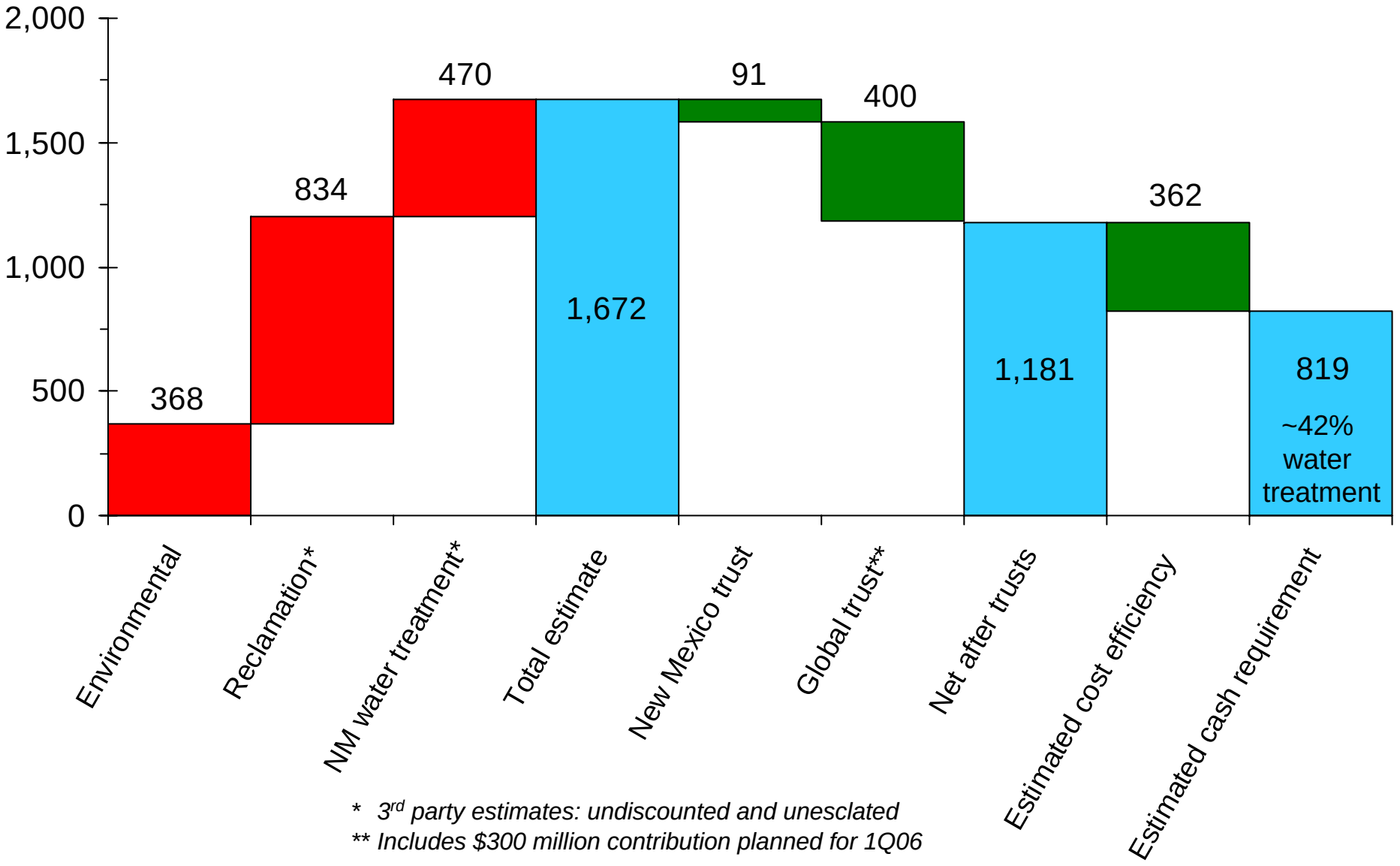
($ millions; pro forma at 12/31/05)



Corporate and Subsidiary (fixed-rate)	Balance	Interest Rate
2007 Notes	$62	7.375%
2011 Notes	$109	8.75%
2027 Debentures	$115	7.125%
2031 Notes	$197	9.5%
2034 Notes	$150	6.125%
Other, including PDIC (2006-2009)	$29	3 – 12%
	$662	
Projected Project Financing (floating-rate)		
Cerro Verde ($20 outstanding at 12/31/05)	$360 e	~7.1%
Tenke	$300 e	N/A
	$660 e	

Significant Progress on Environmental and Reclamation Obligations

($ millions at 12/31/05)



* *3rd party estimates: undiscounted and unesclated*

** *Includes $300 million contribution planned for 1Q06*

Phelps Dodge's Capital Management Philosophy

- Maintain solid investment-grade credit rating throughout copper cycle
  - Keep appropriate debt-to-capitalization ratio
  - Monitor rating metrics under various copper/moly pricing scenarios
- Maintain appropriate sufficient cash balances/debt capacity to ensure funding of growth and asset improvement projects
- Continue demonstrable progress on each of four cash priorities
  - Improving quality of asset base
  - Capitalizing on leading technology and investing in existing operations
  - Strengthening balance sheet to improve flexibility
  - Rewarding shareholders

Improving Quality of Asset Base

- Expanding our majority-owned Cerro Verde mine in Peru
- Completed agreements to develop Tenke Fungurume copper/cobalt project
- Developing significant new copper mine near Safford, AZ
  - Will require $550 million capital investment
  - Significant district potential

Improving Quality of Asset Base (cont'd)

- Rationalize assets where appropriate
  - Closed sale of North American Magnet Wire (1Q06)
  - Agreements to sell Columbian Chemicals (2005) and HPC (1Q06)
  - Sold minority interest in Southern Peru Copper (2005)
  - Sold 20% interest in Ojos del Salado to Sumitomo (2005)
  - Acquisition of Hesei's 1/3 interest in Chino – Hesei paid PDC (2003)
  - Sold Sossego (2001)
  - Numerous non-core assets and royalties sold (2001 – 2005)
- Significant mine-site exploration success (2001– 2005)

Investing in Leading Technology and Existing Operations

- Six Sigma programs are way of life
  - Quest for Zero improvement program implemented (2001)
  - North America “One Mine” Plan (2003)
- Invested in variety of mine and process technologies designed to offset industry-wide impact of natural ore-grade decline and energy-related cost increases
  - Proved concentrate leach technology (2003 – 2005)
  - Purchased one-third interest in Luna power plant (2004)
  - Morenci mine-for-leach (2001)
  - El Abra ROM (2001)
- At Morenci, restarting idled concentrator and constructing first-ever, commercial-scale copper concentrate leaching and direct electrowinning facility
- Developed leaching technology for particular sulfide ores that will allow significant extension of El Abra
  - Estimated capital investment ~$250 million; less than one-third of that required to construct concentrator

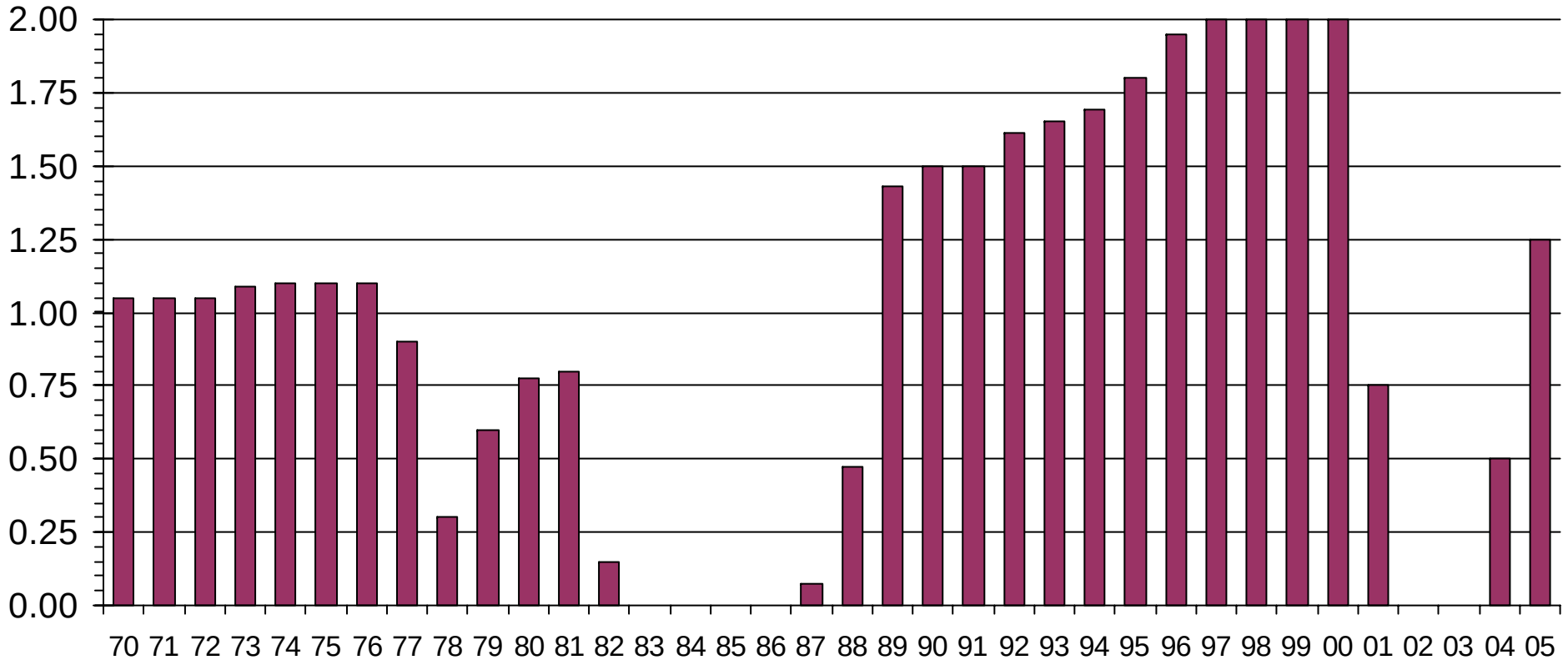
Strengthening Balance Sheet to Improve Flexibility

- Ensure efficient access to capital markets
  - $1.1 billion five-year revolving credit facility in place through April 2010
  - $1 billion shelf registration filed (May 2005)
- Reduce liabilities
  - Repaid approximately $1.6 billion net debt since beginning of 2004 ($2.4 billion since 2000)
  - Address employee-related concerns
    - Contributed $335 million to master pension trusts (2004/05)
    - Contributed $200 million to fund employee post-retirement medical and life insurance trusts (2005)
- Accelerate environmental and closure reclamation activities (2005 forward)
  - Contributed $100 million to global environmental reclamation and remediation trust (2005)
  - Additional $300 million to be contributed in 1Q06
  - Significant spending expected 2006 – 2008

Rewarding Shareholders (Pre-March 2006 Split)

- Strive for consistent, sustainable common dividend
  - Reinstated quarterly common stock dividend on June 2, 2004 (25¢ per share, or $1.00 per share annually)
  - Increased quarterly common stock dividend on June 1, 2005, by 50% (from 25¢ per share to 37.5¢ per share, or $1.50 per share annually)
- Implement variable capital return program to be executed as results justify it
  - Moving well ahead of schedule on commitment to return $1.5 billion to shareholders by end of 2006
    - Paid $5.00 per share special cash dividend in December 2005
    - Declared additional $4.00 per share special cash dividend payable in March 2006
  - Declared two-for-one stock split as 100% stock dividend payable March 2006
- Continue to evaluate and develop capital return programs as results are realized
  - Focused on longer-term growth and profitability
  - Appropriately invest in existing operations
  - Maintain financial flexibility
  - Ensure tax-efficient deployment of cash
  - Ensure solid investment-grade rating throughout copper cycle

PDC Common Dividend History (Pre-March 2006 Split)



- Eliminated in 1982
- Reinstated in 1987
- Increased 7 times in next 9 years; last increase in 1996
- Reduced to 50¢ per share in 2Q01
- Eliminated in 4Q01
- Reinstated in 3Q04 at $1.00 per share
- Increased dividend in 2Q05 to $1.50 per share

PDC Share Repurchase History (Pre-March 2006 Split)

- 20.1 million shares repurchased since 1988
  - Last repurchase in 1998
  - Average repurchase price ~$58 per share
- 20.6 million shares issued to acquire Cyprus Amax in 1999
  - Valued at ~$55 per share
- In 2002, issued equity to protect investment-grade rating
  - Equivalent to 14 million shares
    - ~$400 million common
    - ~$200 million mandatory convertible preferred (converted August 2005)

Special Dividend and Stock Split History (Pre-March 2006 Split)

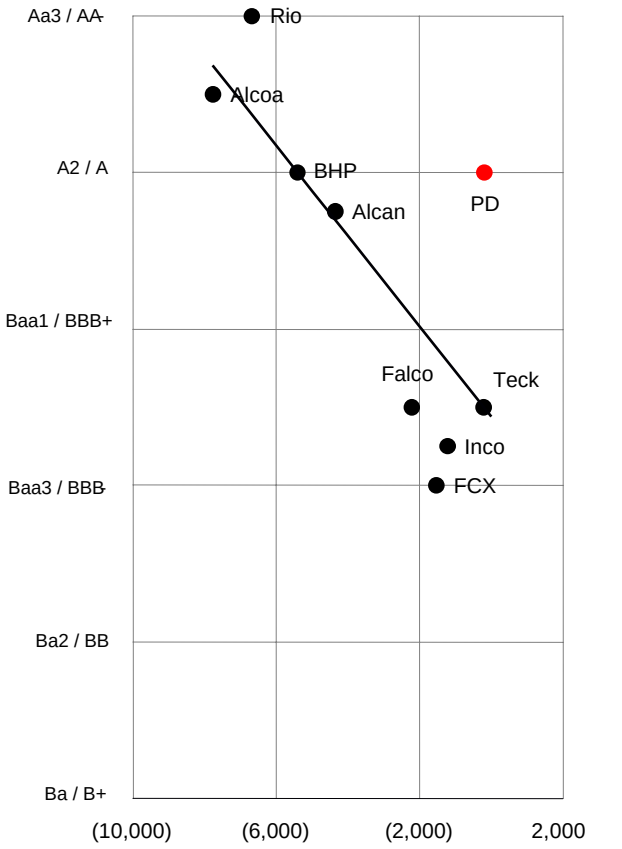
- Special Dividend History
  - $5.00 per share in 1989 ($10.00 pre-1992 split basis)
    - Total cost of ~$350 million (COMEX avg. = $1.25)
  - $5.00 per share in 4Q05
    - Total cost of ~$508 million (COMEX avg. = $1.68)
  - $4.00 per share announced for 1Q06
    - Total cost of ~$406 million (COMEX avg. February YTD = $2.22)
- Stock Split History
  - Announced a 2-for-1 split in May 1992
    - Resulted in a post-split share price of $44.25 ($87.88 pre-split price one day prior to announcement)
    - The stock performed well the day of the announcement (was up 0.7%) but it is difficult to attribute this performance to this action
  - Announced a 2-for-1 split in February 2006
    - Stock began trading at its post-split price at the beginning of trading on March 13, 2006 ($137.32 pre-split price as of March 10, 2006)

Credit Agencies' View of Phelps Dodge Remains Cautious

- Capital Structure/Return of Capital
  - S&P views size and short period in which shareholder initiative will be completed as aggressive – not compatible with financial policy indicative of higher credit rating
  - Ratings incorporate expectations that PD's management will remain committed to maintaining investment-grade financial profile and retaining considerable cash balances to weather future downturns
  - S&P also expects possible shareholder initiatives will be conducted in manner that maintains conservative capital structure
  - Stable outlook reflects that management will continue to maintain favorable capital structure as it moves forward with development objectives
- Volatility/Costs
  - Considerable increase in unit production costs makes financial performance more vulnerable to inevitable downturns in copper cycle
  - Ratings reflect exposure to volatile commodity prices and cyclical end markets, rising costs and challenges at U.S.-based operations
- Projects
  - Moody's rating reflects view that company will continue to maintain disciplined investment focus while moving forward with development of specified projects

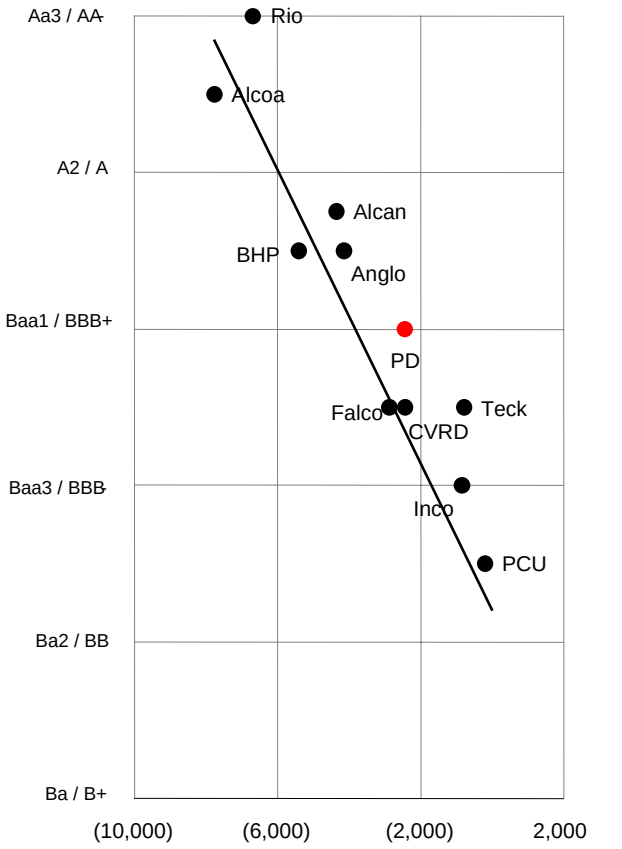
PDC's Current Debt Rating Three Notches Lower than 1996

12/1996
Credit Rating / Net Cash*



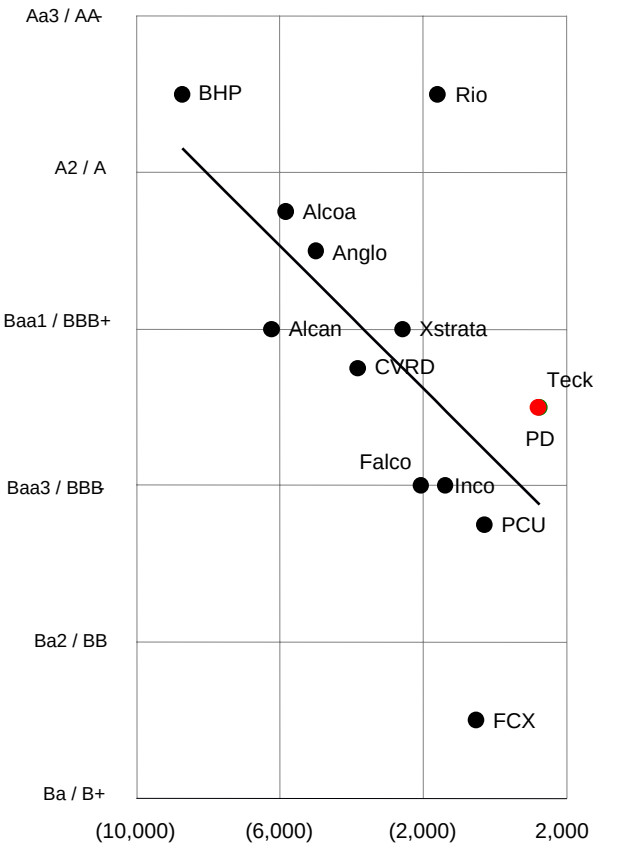
Source Company Filings and Wall Street Research

12/2000
Credit Rating / Net Cash*



Source Company Filings and Wall Street Research

Current
Credit Rating / Net Cash*

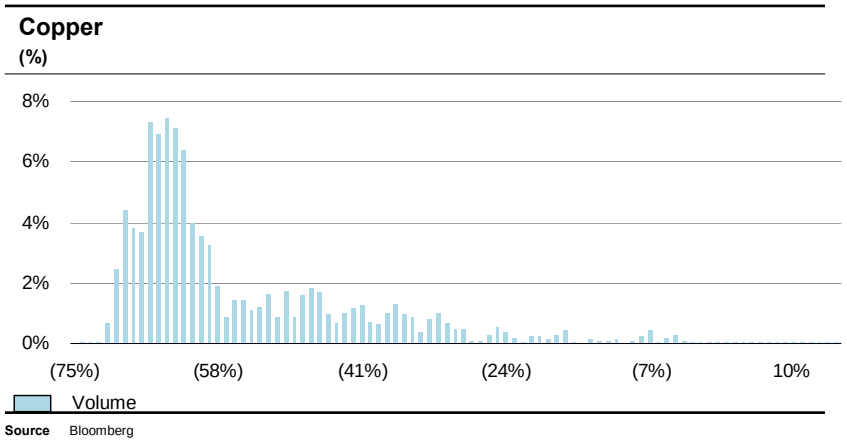


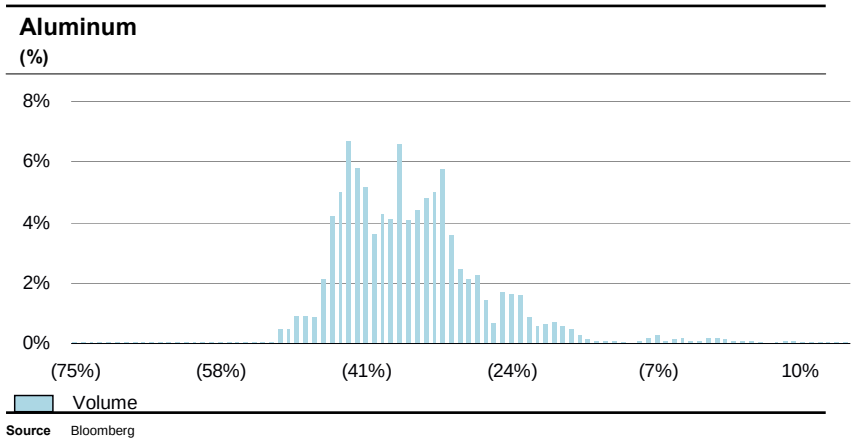
Source Company Filings and Wall Street Research

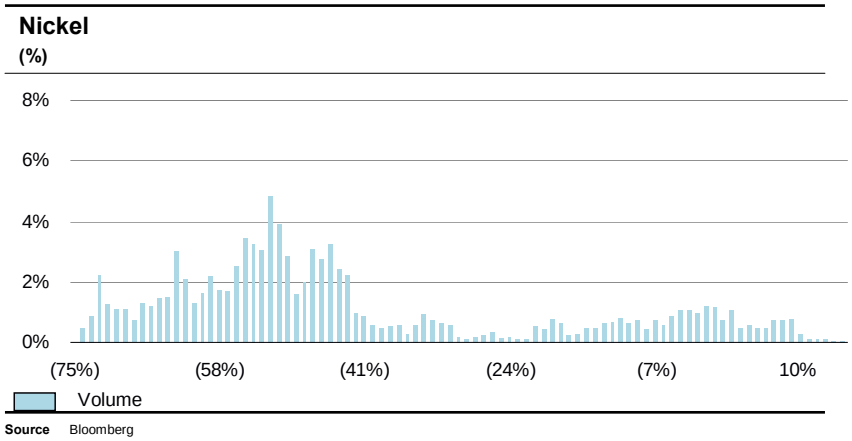
** Net Cash = Cash Minus Debt*

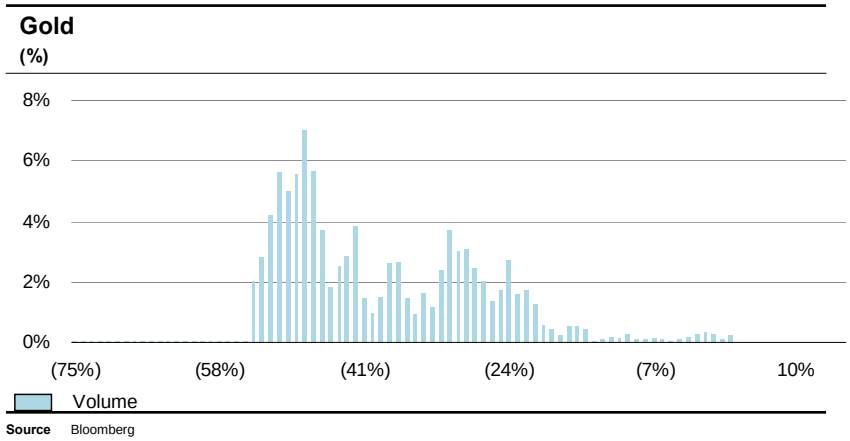
Copper Price Volatility Skewed to Downside

Histogram of the last 10 years of commodity trading – all measured vs. 2/28/2006 price



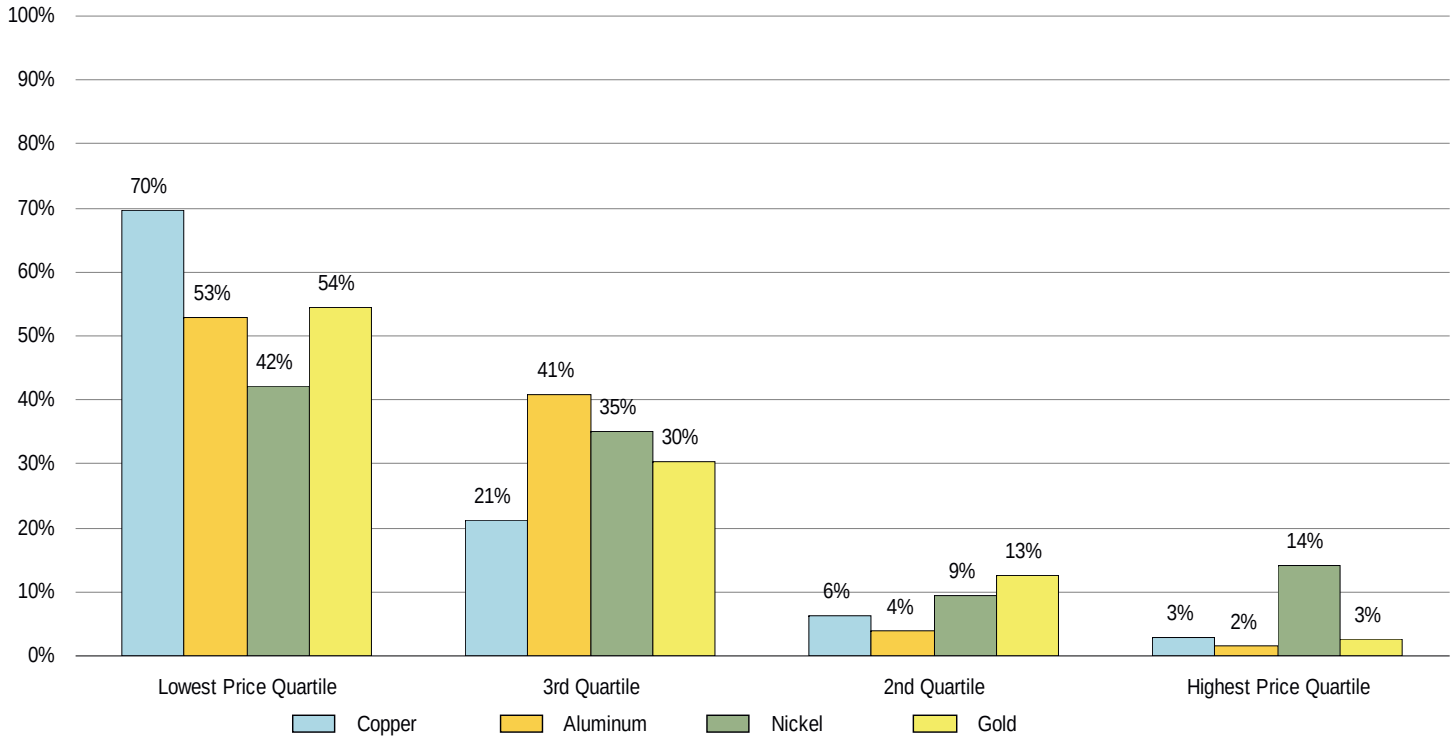






Copper Prices Traded in Lowest Quartile 70% of Time in Last 10 Years

Historical Price Range Analysis – 10 years
% of total trading days



	Low	25%	50%	75%	High
Copper	$0.61	$1.03	$1.45	$1.87	$2.30
Aluminum	$0.53	$0.70	$0.87	$1.04	$1.21
Nickel	$1.72	$3.23	$4.74	$6.25	$7.76
Gold	$252.55	$332.46	$412.38	$492.29	$572.20

Source Bloomberg

Note
1. Prices measured from 1/1/1996 through 2/28/.2006 on a daily basis

Phelps Dodge Firmly Entrenched at Mid-BBB

- Despite much stronger credit statistics than similar and higher-rated companies, PD remains firmly entrenched at mid-BBB

Comparison of Credit Ratings Statistics

Calendar Year-End 2005 Credit Statistics

Company	Current Credit Spread	Total Debt/ EBITDA*	EBITDA*/ Int. Exp. Exp.	Total Debt/ Book Cap.	Net Debt/ EBITDA*	Net Debt/ Book Cap.
A-Category Rated (1)	104.0	1.0x	19.8x	26.3%	0.8x	19.3%
Strong BBB (2)	142.5	1.5x	12.9x	35.1%	1.3x	29.0%
Phelps Dodge (Baa2/BBB)	167.0	0.3x	34.7x	9.6%	(0.5x)	(17.2%)
Weak BBB (3)	165.0	1.2x	18.2x	31.0%	0.4x	6.7%
Non-Investment Grade (4)	215.0	0.5x	25.0x	32.2%	0.2x	11.2%

* Reconciliation of PDC's 2005 Operating Income to EBITDA
($ millions – as reported on Consolidated Statement of Income)

Operating Income	$1,764.9
Depreciation, depletion and amortization	441.8
Special items and provisions, net	523.1
	$2,729.8

Notes:

1. *A-rated includes: BHP Billiton, Rio Tinto, Alcan and Anglo American*
2. *Strong BBB includes: Alcan, Xstrata and CVRD*
3. *Weak BBB includes: Teck Cominco, Falconbridge and Inco*
4. *Non-investment grade includes: Southern Copper Corp. and Freeport-McMoRan*

Strong Track Record of Capital Management

- Accessed capital markets prudently during downturn
  - Worked hard to maintain investment-grade credit rating throughout cycle
- Rewarded shareholders by reinstating regular common dividend and increasing it appropriately
- Created financial flexibility and maintained access to capital markets to ensure funding of growth projects and strategic opportunities
- Appropriately funded long-term liabilities
- Implemented $1.5 billion program to return capital to shareholders
  - As results justify it, committed to further return capital to shareholders

Conclusion

J. Steven Whisler

Chairman and Chief Executive Officer

Maintaining Financial Discipline by Focusing on Cash Priorities

- Investing appropriately in our existing operations to improve their competitiveness
  - Morenci concentrate leach
  - Central analytical laboratory
- Improving the quality of our asset-base
  - Cerro Verde
  - Safford
  - Tenke Fungurume
  - El Abra
- Strengthening our balance sheet and improving our financial flexibility
  - $1.6 billion net debt repaid from the beginning of 2004
  - $535 million contributed to pension and post-retirement benefit trusts
  - $100 million contributed to environmental trust ($300 million planned in 2006)
- Rewarding our shareholders
  - $1.5 billion capital return program
  - $900 million paid in special dividends; $600 million to be paid in either special dividends or share repurchases

Investment Thesis

- History and integrity
  - 172 year-old company with well-established ethics
- Financial discipline
- Continued positive outlook for metal prices
  - Must manage cycles inherent in our business
- Phelps Dodge well-positioned to capitalize on strong markets
  - Internal growth and replacement projects in place
  - Technology innovator and developer
  - Size where success can be rewarded
  - Diversification a function of asset quality
  - Disciplined and highly focused management team
- Track record of rewarding shareholders

Questions & Answers