

PHELPS DODGE CORP

Form 8-K

March 17, 2006

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 16, 2006

(Date of earliest event reported)

PHELPS DODGE CORPORATION

(Exact name of registrant as specified in its charter)

NEW YORK

(State or other jurisdiction
of incorporation)

001-00082

(Commission File Number)

13-1808503

(IRS Employer
Identification No.)

One North Central Avenue
Phoenix, Arizona 85004-4414

(Address and zip code of principal executive offices)

(602) 366-8100

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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TABLE OF CONTENTS

ITEM 2.06 MATERIAL IMPAIRMENTS

ITEM 8.01 OTHER EVENTS

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

SIGNATURES

Exhibit Index

EX-99.1: PRESS RELEASE

Table of Contents

ITEM 2.06 MATERIAL IMPAIRMENTS

In connection with the sale of Colombian Chemicals Company (Colombian) discussed in Item 8.01, Phelps Dodge Corporation (Phelps Dodge) recorded in the 2005 fourth quarter a goodwill impairment charge of \$89 million (\$67 million after-tax and net of minority interest) to reduce the carrying value of Colombian to its estimated fair value less costs to sell.

ITEM 8.01 OTHER EVENTS

On March 17, 2006, Phelps Dodge issued a press release announcing that it had completed the sale of its wholly owned subsidiary Colombian, a leading manufacturer of rubber and industrial carbon-black products, to an entity jointly owned by One Equity Partners LLC, a private equity affiliate of JPMorgan Chase & Co., and DC Chemicals Co. Ltd., a South Korean chemical manufacturer.

Under the terms of the Master Agreement, Phelps Dodge received base purchase price proceeds of \$543 million and approximately \$100 million of Colombian s foreign-held cash. The agreement also includes a provision for post-closing adjustments. At closing, those adjustments, together with transaction expenses, were estimated to reduce net proceeds by approximately \$43 million, for approximate net proceeds of \$600 million upon final settlement. The transaction resulted in special, net after-tax charges of approximately \$65 million, resulting principally from goodwill impairment charges, employee-related costs and tax benefits. Of that amount, approximately \$43 million was recognized in the 2005 fourth quarter.

A copy of the Company s press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

Exhibit Number

Description

Exhibit 99.1	Press Release of Phelps Dodge Corporation, dated March 17, 2006.
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Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHELPS DODGE CORPORATION

(Registrant)

By: /s/ Denise R. Danner

Name: Denise R. Danner

Title: Vice President and Controller

Date: March 17, 2006

Table of Contents

Exhibit Index

Exhibit Number	Description
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Exhibit 99.1	Press release, dated March 17, 2006.
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4