



FORM 8-K

PHELPS DODGE CORP – PD

Filed: November 17, 2005 (period: November 15, 2005)

Report of unscheduled material events or corporate changes.

Table of Contents

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

ITEM 2.06 MATERIAL IMPAIRMENTS

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

SIGNATURES

Exhibit Index

EX-99.1 (Exhibits not specifically designated by another number and by investment companies)

**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

November 15, 2005

(Date of Report/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 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT](#)

[ITEM 2.06 MATERIAL IMPAIRMENTS](#)

[ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS](#)

[SIGNATURES](#)

[Exhibit Index](#)

[EX-99.1: PRESS RELEASE](#)

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On November 15, 2005, Phelps Dodge Corporation, a New York corporation (the “Company”), and Phelps Dodge Industries, Inc., a wholly-owned subsidiary of the Company and a Delaware corporation (Phelps Dodge Industries, Inc. and the Company together, “Phelps Dodge”), entered into an Asset and Stock Purchase Agreement (the “Purchase Agreement”) with Rea Magnet Wire Company, Inc., a Delaware corporation (“Rea”), pursuant to which Phelps Dodge will sell substantially all its North American magnet wire assets to Rea. Rea is a producer of magnet and bare wire and is a current customer of Phelps Dodge.

The transaction is subject to customary closing conditions, including regulatory approvals.

Other material terms of this transaction are described in a press release issued by the Company on November 16, 2005 and attached hereto as Exhibit 99.1.

ITEM 2.06 MATERIAL IMPAIRMENTS

In connection with the transaction contemplated in the Purchase Agreement described in Item 1.01, on November 15, 2005, Phelps Dodge determined that an impairment charge was required and expects to recognize an after-tax impairment charge of approximately \$7 million for its fixed assets. The amount of the charge is based on preliminary estimates and is subject to change based upon the actual fourth quarter results of Phelps Dodge.

The after-tax impairment charge is included in the net after-tax loss on the transaction discussed in the press release attached hereto as Exhibit 99.1, and will be recognized in the quarter ended December 31, 2005, together with approximately \$5 million of net after-tax losses principally associated with employee-related costs for early retirement benefits, and for severance benefits that are primarily dependent on future employment decisions to be made by Rea. The balance of the net after-tax loss will be recorded at or subsequent to the close of the transaction.

[Table of Contents](#)

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 99.1	Press Release of Phelps Dodge Corporation, dated November 16, 2005, announcing the signing of the Asset and Stock Purchase Agreement.

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/ S. David Colton
Name: S. David Colton
Title: Senior Vice President and
General Counsel

Date: November 17, 2005

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 99.1	Press release, dated November 16, 2005.

One North Central Avenue, Phoenix, AZ 85004 (602) 366-8100



For Immediate Release

Media: Peter J. Faur
(602) 366-7993

Investors: Stanton K. Rideout
(602)366-8589

Phelps Dodge to Sell North American Magnet Wire Assets

PHOENIX, Nov. 16, 2005 – Phelps Dodge Corp. (NYSE:PD) announced today it has agreed to sell substantially all its North American magnet wire assets to Rea Magnet Wire Company, Inc. Under the agreement, Rea will purchase the assets, including certain copper inventory, for approximately \$125 million in cash, subject to a working capital adjustment at the time of closing. Phelps Dodge expects to record a special, net after-tax loss on the transaction of approximately \$20 million, which includes the sale of approximately 25 million pounds of copper from Phelps Dodge to Rea valued at an inventory cost of approximately 80 cents per pound, which will be priced at closing, and costs for severance and early-retirement benefits. The sale is subject to customary closing conditions, including regulatory approvals.

The sale will include Phelps Dodge manufacturing operations in Fort Wayne, Ind., and Monterrey, Mexico, and inventory held for distribution at various North American warehouses. The transaction will not include the Phelps Dodge One Technology Center in Fort Wayne, a magnet wire plant in Suzhou, China, that will become a unit of Phelps Dodge International Corp., and certain intellectual property assets. Under the agreement, Phelps Dodge will continue to be a primary supplier of copper rod to Rea.

Phelps Dodge anticipates that nearly all its approximately 600 magnet wire employees involved in plant manufacturing operations will be offered positions with Rea.

Phelps Dodge Corp. is one of the world's leading producers of copper and molybdenum, the largest producer of molybdenum-based chemicals and continuous-cast copper rod, and among the leading producers of wire and cable and carbon black. The company and its two divisions, Phelps Dodge Mining Co. and Phelps Dodge Industries, employ approximately 15,500 people worldwide.

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This news release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. In addition to the risks and uncertainties noted in this news release, there are certain factors that could cause results to differ materially from those anticipated by some of the statements made. These factors include those listed in Management's Discussion and Analysis of Financial Condition and Results of Operations in the company's most recently filed annual report on Form 10-K for the fiscal year ended December 31, 2004.