

PHELPS DODGE CORP

Form 8-K

March 17, 2006

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**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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**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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**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

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<b>Exhibit Number</b>	<b>Description</b>
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Exhibit 99.1	Press release, dated March 17, 2006.
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