

PHELPS DODGE CORP
Form PRER14A
August 02, 2006

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
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Phelps Dodge Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
Common Stock, par value \$6.25 per share
(including associated preferred share purchase rights)
- (2) Aggregate number of securities to which transaction applies: 155,290,625 shares of Phelps Dodge Corporation's common stock
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$86.03 (average of high and low prices of Phelps Dodge Corporation common stock reported on the New York Stock Exchange for such shares on August 1, 2006)
- (4) Proposed maximum aggregate value of transaction: \$17,496,424,595.92
- (5) Total fee paid: \$1,872,117.44 computed in accordance with Rule 0-11(c)(i) of the Securities Exchange Act of 1934, as amended, by multiplying the proposed aggregate value of the transaction by 0.0001070

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
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(3) Filing Party:

Phelps Dodge Corporation

(4) Date Filed:

July 5, 2006

IMPORTANT SPECIAL MEETING OF PHELPS DODGE SHAREHOLDERS

1 , 2006

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of the shareholders of Phelps Dodge Corporation, to be held on 1 , 2006, at 1 a.m. (MST), at The Heard Museum, 2301 North Central Avenue, Phoenix, Arizona. At the special meeting you will be asked to approve three proposals presented for your consideration.

The proposals relate to Phelps Dodge's agreement to combine with Inco Limited to create an industry-leading, diversified metals and mining company. The combined company would have one of the industry's most exciting portfolios of development projects and the scale and management expertise to pursue their development successfully. The creation of this new company would give us the size and diversification to better manage cyclicity, stabilize earnings and increase shareholder returns.

Phelps Dodge first announced this transaction on June 26, 2006. Under the terms of a combination agreement between Phelps Dodge and Inco, Phelps Dodge will acquire all of the outstanding common shares of Inco for a combination of cash and common shares of Phelps Dodge having a value of Cdn.\$86.08 (U.S.\$76.10) per Inco share, based upon the closing price of Phelps Dodge stock and the closing U.S./Canadian dollar exchange rate on August 1, 2006. Each shareholder of Inco would receive 0.672 shares of Phelps Dodge common stock plus Cdn.\$20.25 (or, at such holder's option, the U.S. dollar equivalent) per share in cash for each Inco common share. The Phelps Dodge board of directors also announced, as part of the transaction, a share repurchase program, to be commenced after closing, of up to \$5.0 billion.

The combination will be effected pursuant to a plan of arrangement under Section 192 of the Canada Business Corporations Act under which Phelps Dodge Canada Inc., our recently formed, wholly owned subsidiary, will acquire all of Inco's outstanding common shares and Inco will amalgamate with a wholly owned subsidiary of Phelps Dodge Canada Inc.

In order to complete the proposed transaction, we are asking you to approve the following proposals, together with a proposal regarding adjournment of the meeting:

1. a proposal to amend and restate Phelps Dodge's restated certificate of incorporation in the form attached as Annex B to the proxy statement to which this letter is attached, which we refer to as the charter amendment proposal, to (i) change the company's name to Phelps Dodge Inco Corporation from Phelps Dodge Corporation, (ii) increase the number of authorized shares of the common stock of Phelps Dodge from 300 million to 800 million and (iii) increase the maximum number of members of Phelps Dodge's board of directors from 12 to 15; and

2. the proposed issuance of Phelps Dodge common stock to Inco securityholders in connection with the combination of Phelps Dodge with Inco, which we refer to as the share issuance proposal.

Approval of the charter amendment proposal requires the affirmative vote of a majority of all outstanding shares of Phelps Dodge common stock entitled to vote on the matter. Approval of the share issuance proposal requires the affirmative vote of a majority of the votes cast on such matter, provided that the total vote cast on the proposal represents a majority of all outstanding shares of Phelps Dodge common stock entitled to vote on the matter.

Your board of directors has determined that the charter amendment proposal, the share issuance proposal and the combination is in the best interest of Phelps Dodge and its shareholders, has unanimously approved the charter amendment proposal and the share issuance proposal, and unanimously recommends that you vote FOR approval of the charter amendment proposal and FOR the share issuance proposal.

Detailed information regarding the two proposals is contained in the accompanying proxy statement. In view of the importance of the actions to be taken at the special meeting, we urge you to read the accompanying proxy statement carefully. Regardless of the number of shares you own, we request that you

complete, sign, date and mail the enclosed proxy card promptly in the accompanying envelope, which requires no postage if mailed in the United States. You may also vote your shares by telephone or through the Internet by following the instructions on the enclosed proxy card or voting instruction form.

You may, of course, attend the special meeting and vote in person, even if you have previously returned your proxy card.

YOUR VOTE IS IMPORTANT. Regardless of the number of shares of Phelps Dodge common stock you own, we urge you to vote FOR approval of the charter amendment proposal and FOR the share issuance proposal. Finally, if you have any questions or need assistance in voting your shares of Phelps Dodge common stock, please call D.F. King & Co., Inc., which is assisting Phelps Dodge, toll-free at 1-800-659-5550 (U.S. and Canada). Non-U.S. or non-Canadian investors may contact D.F. King at +44 20 7920 9700.

On behalf of your board of directors, thank you for your continued support and cooperation.

Sincerely,

J. Steven Whisler
Chairman and Chief Executive Officer

This proxy statement is dated 1 , 2006 and is expected to be first mailed to our shareholders on or about 1 , 2006.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF PHELPS DODGE CORPORATION:

A special meeting of shareholders of Phelps Dodge Corporation will be held at The Heard Museum, 2301 North Central Avenue, Phoenix, Arizona, on July 1, 2006, at 10 a.m. (MST), for the following purposes:

1. to consider and vote on a proposal to amend and restate Phelps Dodge's restated certificate of incorporation to (i) change the company's name to Phelps Dodge Inco Corporation from Phelps Dodge Corporation, (ii) increase the number of authorized shares of Phelps Dodge common stock from 300 million to 800 million shares and (iii) increase the maximum number of members of Phelps Dodge's board of directors from 12 to 15;

2. to consider and vote on the proposed issuance of Phelps Dodge common stock, par value \$6.25 per share, to Inco securityholders in connection with the combination of Phelps Dodge with Inco;

3. in the event that there are not sufficient votes for approval of the charter amendment proposal at the special meeting, to consider and vote upon any proposal to postpone or adjourn the special meeting to a later date to solicit additional proxies with respect to such proposal, which we refer to as the adjournment proposal; and

4. to conduct any other business as may be properly brought before the special meeting.

Your board of directors has determined that the charter amendment proposal, the share issuance proposal and the combination is in the best interest of Phelps Dodge and its shareholders, has unanimously approved the charter amendment proposal and the share issuance proposal, and unanimously recommends that you vote FOR approval of the charter amendment proposal, FOR the share issuance proposal and FOR the adjournment proposal.

Only holders of record of the common stock of Phelps Dodge at the close of business on July 1, 2006 will be entitled to notice of and to vote at the special meeting or at any adjournments or postponement of the special meeting. On July 24, 2006, we had 203,979,726 common shares outstanding.

If you participate in the Mellon Investor Services, L.L.C. Investor Services Program for Phelps Dodge shareholders, all common shares held for your account under that service will be voted in accordance with your proxy.

Proxies are solicited by the board of directors. If you are a shareholder of record, you may revoke your proxy before it is voted at the special meeting by delivering a signed revocation letter or new proxy, dated later than your first proxy, to Catherine R. Hardwick, Assistant General Counsel and Secretary. Any shareholder of record may attend the special meeting and vote in person even if he/she previously has returned a proxy. If your shares of Phelps Dodge common stock are held in street name by a broker or bank, you should contact the person responsible for your account to revoke your proxy or to arrange to vote in person at the special meeting.

Shareholders are asked to access electronic voting via the Internet or telephone voting as described on the enclosed proxy card or voting instruction form, or complete, sign, date and mail the enclosed proxy card or voting instruction form promptly in the enclosed envelope, which requires no postage if mailed in the United States. Your vote is important, and you are requested to act at your first convenience.

This Proxy Statement and accompanying materials are first being sent to shareholders on 11/14/06, 2006. Phelps Dodge's principal executive office is located at One North Central Avenue, Phoenix, Arizona 85004.

By Order of the Board of Directors,

Catherine R. Hardwick
Assistant General Counsel and Secretary

Phoenix, Arizona

11/14/06, 2006

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please complete, sign, date and mail the enclosed proxy card, or voting instruction form, promptly in the enclosed envelope, which requires no postage if mailed in the United States. Should you prefer, you may vote by delivering your proxy via telephone or via the Internet by following the instructions on your enclosed proxy card or voting instruction form. Remember, if you do not return your proxy card or vote by telephone or via the Internet, or in person, or if you abstain from voting, it will have the same effect as a vote against adoption of the charter amendment proposal.

If you have any questions or need assistance in voting your shares of Phelps Dodge common stock, please call D.F. King & Co., Inc., which is assisting your company, toll-free at 1-800-659-5550 (U.S. & Canada). Non-U.S. or non-Canadian investors may contact D.F. King at +44 20 7920 9700.

Table of Contents

	Page
<u>REFERENCE TO ADDITIONAL INFORMATION</u>	iv
<u>INDUSTRY DATA</u>	iv
<u>REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES</u>	iv
<u>EXCHANGE RATES</u>	v
<u>QUESTIONS AND ANSWERS</u>	1
<u>SUMMARY</u>	6
<u>The Companies</u>	6
<u>The Combination</u>	7
<u>Combination Consideration and Financing</u>	7
<u>Post-Combination Shareholding, Board of Directors and Management</u>	8
<u>Phelps Dodge's Reasons for the Combination</u>	8
<u>Unanimous Recommendation of the Phelps Dodge Board of Directors</u>	9
<u>Opinions of Phelps Dodge's Financial Advisors</u>	9
<u>Interests of Phelps Dodge Directors and Employees in the Combination</u>	9
<u>Accounting Treatment of the Combination</u>	9
<u>Regulatory Matters Related to the Combination</u>	10
<u>New York Stock Exchange Listing; Delisting and Deregistration of Inco</u>	
<u>Common Shares</u>	10
<u>Completion of the Combination</u>	11
<u>No Dissenters Rights</u>	11
<u>The Combination Agreement</u>	11
<u>Court Approval Will be Required to Complete the Combination</u>	11
<u>Conditions to the Combination</u>	11
<u>Termination of the Combination Agreement</u>	12
<u>Effect of Termination; Termination Fees and Expenses</u>	13
<u>SELECTED HISTORICAL FINANCIAL DATA OF PHELPS DODGE</u>	14
<u>SELECTED HISTORICAL FINANCIAL DATA OF INCO</u>	18
<u>SELECTED UNAUDITED PRO FORMA FINANCIAL DATA</u>	21
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	22
<u>COMPARATIVE PER SHARE DIVIDEND INFORMATION</u>	23
<u>RISK FACTORS</u>	24
<u>THE COMBINATION</u>	28
<u>The Companies</u>	28
<u>The Combination</u>	28
<u>Combination Consideration and Financing</u>	28
<u>Post-Combination Shareholding, Board of Directors and Management</u>	30
<u>Background of the Combination</u>	30
<u>Phelps Dodge's Reasons for the Combination</u>	37
<u>Unanimous Recommendation of the Phelps Dodge Board of Directors</u>	40
<u>Opinions of Phelps Dodge's Financial Advisors</u>	40
<u>Interests of Phelps Dodge Directors and Employees in the Combination</u>	56

	Page
<u>Accounting Treatment of the Combination</u>	58
<u>Regulatory Matters Related to the Combination</u>	58
<u>Fees, Costs and Expenses</u>	59
<u>No Dissenters Rights</u>	59
<u>Repurchase of Phelps Dodge Common Stock</u>	59
<u>New York Stock Exchange Listing; Delisting and Deregistration of Inco Common Shares</u>	59
<u>INFORMATION ABOUT THE SPECIAL MEETING</u>	60
<u>Time, Date and Place</u>	60
<u>Purpose</u>	60
<u>Record Date and Shares Entitled to Vote</u>	60
<u>Vote Required; Security Ownership of Management</u>	60
<u>Solicitation and Revocation of Proxies</u>	61
<u>Unanimous Recommendation of Phelps Dodge's Board of Directors</u>	61
<u>Quorum</u>	61
<u>How to Vote</u>	61
<u>To Attend the Special Meeting</u>	62
<u>Expenses of Soliciting</u>	62
<u>Questions About Voting Your Shares</u>	62
<u>THE COMBINATION AGREEMENT</u>	63
<u>Closing and Effective Time</u>	63
<u>Combination Consideration</u>	64
<u>Representations and Warranties</u>	65
<u>Covenants</u>	67
<u>Conditions to the Combination</u>	74
<u>Amendment and Waiver</u>	75
<u>Termination</u>	76
<u>Termination Fees and Expenses</u>	76
<u>Fees and Expenses</u>	78
<u>OTHER AGREEMENTS AND DOCUMENTS</u>	78
<u>Restated Certificate of Incorporation</u>	78
<u>Phelps Dodge's Post-Closing Board of Directors and Officers</u>	78
<u>UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS</u>	80
<u>DESCRIPTION OF PHELPS DODGE CAPITAL STOCK</u>	91
<u>Common Stock</u>	91
<u>Preferred Stock</u>	91
<u>Transfer and Dividend Paying Agent and Registrar</u>	92
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	93
<u>SHARE OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	94
<u>FORWARD-LOOKING INFORMATION</u>	95
<u>REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM</u>	96
<u>SHAREHOLDER PROPOSALS</u>	97
<u>WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE</u>	98

	Page
<u>COMBINATION AGREEMENT</u>	Annex A
<u>FORM OF RESTATED CERTIFICATE OF INCORPORATION OF PHELPS DODGE CORPORATION</u>	Annex B
<u>FAIRNESS OPINION OF CITIGROUP GLOBAL MARKETS INC.</u>	Annex C
<u>FAIRNESS OPINION OF HSBC SECURITIES (USA) INC.</u>	Annex D
<u>WAIVER AND FIRST AMENDMENT TO COMBINATION AGREEMENT</u>	Annex E

REFERENCE TO ADDITIONAL INFORMATION

This proxy statement incorporates by reference important business and financial information about Phelps Dodge Corporation (Phelps Dodge, we or us) and Inco Limited (Inco) from documents that are not included in or delivered with this proxy statement. For a listing of the documents incorporated by reference into this proxy statement, see

Where You Can Find More Information and Incorporation by Reference beginning on page 98 of this proxy statement. This information is available to you without charge upon your written or oral request. You can obtain documents related to Phelps Dodge and Inco that are incorporated by reference into this proxy statement, without charge, from the Securities and Exchange Commission s (the SEC) Web site (www.sec.gov) or by requesting them in writing or by telephone from Phelps Dodge:

Phelps Dodge Corporation
One North Central Avenue
Phoenix, Arizona 85004-4414
Attention: Assistant General Counsel and Secretary
(602) 366-8100

(All Web site addresses given in this proxy statement are for information only and are not intended to be an active link or to incorporate any Web site information into this proxy statement.)

Please note that copies of the documents provided to you by Phelps Dodge will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this proxy statement.

In order to receive timely delivery of documents requested from Phelps Dodge in advance of the special meeting, you should make your request no later than 1 , 2006.

INDUSTRY DATA

Industry statistics and data included in this proxy statement are based on currently available public information. In addition, statements in this proxy statement about our industry and our position in our industry or any sector of our industry or about our or the combined company s market shares, are statements of our belief. This belief is based on industry statistics and data and on estimates and assumptions that we have made based on our knowledge of the market for our products and our experience in those markets. We have not verified industry statistics or data. Accordingly, we cannot assure you that any of these estimates or assumptions are accurate or that our estimates, assumptions or statements correctly reflect our industry or our or the combined company s position in the industry.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial information included in this proxy statement regarding Phelps Dodge, including Phelps Dodge s audited consolidated financial statements and Phelps Dodge s unaudited consolidated financial statements, are reported in U.S. dollars (\$), (U.S.\$) or (US\$) and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

The financial information included in this proxy statement regarding Inco, including Inco s audited consolidated financial statements and Inco s unaudited consolidated financial statements, are reported in U.S. dollars, unless otherwise indicated, and have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP), which differs from U.S. GAAP in certain significant respects. The differences, insofar as they affect Inco s consolidated financial statements, relate to accounting for post-retirement benefits, currency translation gains (losses), intangible assets, research and development, exploration, asset impairment, convertible debt, derivative instruments, investments, income and mining taxes, reporting of comprehensive income, net earnings and shareholders equity. A discussion of these differences is presented in the notes to the financial statements incorporated by reference into this proxy statement and, in particular, Note 24 to Inco s audited consolidated financial statements and Note 17 to Inco s unaudited consolidated financial statements incorporated by reference into this proxy statement.

In this proxy statement, unless otherwise stated, dollar amounts are expressed in U.S. dollars.

EXCHANGE RATES

Exchanging Canadian Dollars. The following table sets forth, for each period indicated, the high and low exchange rates for one Canadian dollar (Cdn.\$) during that period, the average of the exchange rates during that period, and the exchange rate at the end of that period, in each case expressed in U.S. dollars, based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York:

	Six Months Ended June 30, 2006	2005	Year Ended December 31,			
		2004	2003	2002	2001	
	(In \$ per Cdn.\$1)					
High	0.8528	0.8690	0.8493	0.7738	0.6619	0.6697
Low	0.9100	0.7872	0.7158	0.6349	0.6200	0.6241
Average	0.8852	0.8254	0.7682	0.7139	0.6368	0.6458
Period End	0.8969	0.8579	0.8310	0.7738	0.6329	0.6279

On June 23, 2006, the last trading day prior to the announcement of the combination, the exchange rate for one Canadian dollar expressed in U.S. dollars, based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, was \$0.8896. On August 1, 2006, the most recent practicable date prior to the filing of this proxy statement, the exchange rate for one Canadian dollar expressed in U.S. dollars, based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, was \$0.8840.

Exchanging U.S. Dollars. The following table sets forth, for each period indicated, the high and low exchange rates for one U.S. dollar during that period, the average of the exchange rates during that period, and the exchange rate at the end of that period, in each case expressed in Canadian dollars, based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York:

	Six Months Ended June 30, 2006	2005	Year Ended December 31,			
		2004	2003	2002	2001	
	(In Cdn.\$ per \$1)					
High	1.1726	1.2703	1.3970	1.5750	1.6128	1.6023
Low	1.0989	1.1507	1.1775	1.2923	1.5108	1.4933
Average	1.1381	1.2115	1.3017	1.4008	1.5704	1.5485
Period End	1.1150	1.1656	1.2034	1.2923	1.5800	1.5925

On June 23, 2006, the last trading day prior to the announcement of the combination, the exchange rate for one U.S. dollar expressed in Canadian dollars, based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, was Cdn.\$1.1241. On August 1, 2006, the most recent practicable date prior to the filing of this proxy statement, the exchange rate for one U.S. dollar expressed in Canadian dollars, based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, was \$1.1312.

QUESTIONS AND ANSWERS

The following are some of the questions that you, as a shareholder of Phelps Dodge, may have and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this proxy statement, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement. We urge you to read this proxy statement in its entirety prior to making any decision.

Q1: Why am I receiving this proxy statement?

A1: You are receiving this proxy statement and enclosed proxy card because, as of 1 , 2006, the record date for the special meeting, you owned shares of Phelps Dodge common stock. Only holders of record of shares of Phelps Dodge common stock as of close of business on 1 , 2006, will be entitled to vote those shares at the special meeting. This proxy statement describes the issues on which we would like you, as a shareholder, to vote. It also provides you with important information about these issues to enable you to make an informed decision as to whether to vote your shares of Phelps Dodge common stock for the matters described herein.

As more fully described herein, we have agreed to combine Phelps Dodge with Inco pursuant to a combination agreement, made and entered into as of June 25, 2006, between Phelps Dodge and Inco, as amended by the waiver and first amendment dated as of July 16, 2006. The combination will be effected pursuant to a plan of arrangement under Section 192 of the Canada Business Corporations Act under which Phelps Dodge Canada Inc., our recently formed, wholly owned subsidiary, will acquire all of Inco's outstanding common stock and Inco will amalgamate with a wholly owned subsidiary of Phelps Dodge Canada Inc.

We are holding a special meeting of shareholders in order to obtain the shareholder approval necessary to authorize and issue shares of our common stock to shareholders of Inco, change our company's name and increase the size of our board of directors in accordance with the combination agreement.

We will be unable to complete our combination with Inco unless you approve the proposals described in this proxy statement at the special meeting.

We have included in this proxy statement important information about a combination of our company with Inco, the combination agreement and the special meeting. You should read this information carefully and in its entirety. We have attached a copy of the combination agreement and the waiver and first amendment to this proxy statement as Annex A and Annex E, respectively. The enclosed voting materials allow you to vote your shares without attending the special meeting. **Your vote is very important and we encourage you to complete, sign, date and mail your proxy card, as soon as possible, whether or not you plan to attend the special meeting. Convenient telephone and Internet voting options also are available.**

Q2: When and where will the special meeting be held?

A2: The special meeting is scheduled to be held at 1 a.m. (MST), at The Heard Museum, 2301 North Central Avenue, Phoenix, Arizona, on 1 , 2006.

Q3: Who is entitled to vote at the special meeting?

A3: Phelps Dodge has fixed 1 , 2006, as the record date for the special meeting. If you were a Phelps Dodge shareholder at the close of business on the record date, you are entitled to vote on matters that come before the special meeting. However, a Phelps Dodge shareholder may only vote his or her shares if he or she is present in person or is represented by proxy at the special meeting.

Q4: What will happen at the special meeting?

A4: At the special meeting, our shareholders will be asked to:

1. consider and vote on a proposal to amend and restate Phelps Dodge's restated certificate of incorporation in the form attached as Annex B to this proxy statement, which we refer to as the charter amendment proposal, to (i) change the company's name to Phelps Dodge Inco Corporation from Phelps Dodge Corporation, (ii) increase the number of authorized shares of the common stock of Phelps Dodge from 300 million shares to 800 million shares and (iii) increase the maximum number of members of Phelps Dodge's board of directors from 12 to 15;
2. consider and vote on the proposed issuance of Phelps Dodge common stock to Inco securityholders in connection with the combination of Phelps Dodge with Inco, which we refer to as the share issuance proposal;
3. in the event that there are not sufficient votes for approval of the charter amendment proposal at the special meeting, to consider and vote upon any proposal to postpone or adjourn the special meeting to a later date to solicit additional proxies with respect to such proposal, which we refer to as the adjournment proposal; and
4. to conduct any other business as may be properly brought before the special meeting.

Your board of directors unanimously recommends that you vote FOR the adoption of the charter amendment proposal, FOR the share issuance proposal and FOR the adjournment proposal.

Q5: How does Phelps Dodge intend to finance the combination and related transactions?

A5: We have agreed to pay 0.672 shares of Phelps Dodge common stock and Cdn.\$20.25 (or, at the Inco holder's option, the U.S. dollar equivalent) in cash for each Inco common share held immediately prior to the consummation of the combination. In addition, holders of Inco restricted common stock and Inco stock options will be entitled to receive shares of Phelps Dodge common stock or options to acquire Phelps Dodge common stock, respectively, in exchange for such securities. See "The Combination Agreement - Combination Consideration" beginning on page 64 of this proxy statement.

The issuance of the requisite shares of the common stock of Phelps Dodge to Inco's shareholders requires the approval of Phelps Dodge's shareholders, which is one of the purposes of the special meeting. Phelps Dodge will finance the cash component of the combination consideration, in part, from its available cash and with borrowings under new credit facilities to be entered into in connection with the combination. The new credit facilities will have aggregate borrowing capacity of \$10.45 billion, which, together with available cash, will be available for the following purposes:

to finance up to \$4.1 billion of the cash consideration to be paid by Phelps Dodge in connection with the combination;

to finance our post-combination share repurchase program, pursuant to which we intend to repurchase up to \$5 billion of the common stock of Phelps Dodge;

to repurchase or refinance up to \$0.4 billion of Inco's indebtedness;

to refinance liabilities outstanding under our and Inco's existing revolving credit agreements; and

to finance transaction expenses related to the combination, which we estimate will be approximately \$100 million.

Phelps Dodge has received executed commitments from Citigroup Global Markets Inc. and HSBC Securities (USA) Inc. for the entire \$10.45 billion principal amount of the new credit facilities. The combination consideration and financing, including the new credit facilities, are more fully described in this proxy statement. See The Combination Combination Consideration and Financing beginning on page 28 of this proxy statement.

Q6: What will the share ownership, board of directors and management of Phelps Dodge look like after the combination?

A6: We estimate that, upon completion of the combination, former shareholders of Inco will own approximately 43% of the outstanding common stock of the combined company.

We expect that, upon consummation of the combination of our company with Inco, J. Steven Whisler, the chairman and chief executive officer of Phelps Dodge, will be chairman and chief executive officer of the combined new company; Scott M. Hand, the chairman and chief executive officer of Inco, will become the vice chairman of the combined company and the president of the combined company's nickel division; Timothy R. Snider, the president and chief operating officer of Phelps Dodge, will hold the same positions in the combined company; and Ramiro G. Peru, executive vice president and chief financial officer of Phelps Dodge, will hold the same positions in the combined company. We expect Messrs. Whisler, Snider and Peru to be based in Phoenix and Mr. Hand to be based in Toronto.

We expect the board of directors of the combined company to be composed of 15 members, 11 of which will be members of the current Phelps Dodge board of directors and four of which will be members of the current Inco board.

Q7: Why does Phelps Dodge want to consummate a combination with Inco?

A7: The Phelps Dodge board of directors believes that a combination of Phelps Dodge with Inco will create a combined company with the scope, scale and financial strength to more efficiently develop existing opportunities and assets and to capitalize quickly on new growth and other opportunities within the mining industry. The Phelps Dodge board of directors believes that the combined company will be able to benefit from:

its position as an industry-leading, diversified metals and mining company with a portfolio of world-class assets with leading market positions in multiple commodities;

relatively lower cost positions in the combined company's primary commodities, which should allow the combined company to better weather any future downturns in commodity prices;

enhanced growth opportunities from a broad portfolio of brownfield and greenfield growth projects, primarily in nickel, copper, molybdenum and cobalt;

significant synergies and cost savings;

greater financial strength and flexibility as a result of the combined company's increased size, asset diversification and expected synergies

and cost savings;

increased market liquidity and the potential for valuation enhancement as a result of the combined company's position as the largest mining company based in North America;

reduced risks associated with (i) price fluctuations for any particular commodity and (ii) production costs associated with any particular mining or production site;

reduced risks associated with political or economic instability or natural disasters in any particular geographical locale; and

a highly skilled and experienced management team.

The Phelps Dodge board of directors' reasons for the combination are discussed in more detail beginning on page 37 of this proxy statement under "The Combination - Phelps Dodge's Reasons for the Combination." Please review the disclosure under "Risk Factors" and "Forward-Looking Information" in this proxy statement for a more complete description of certain other considerations that you should consider in deciding how to vote at the special meeting.

Q8: When do you expect the combination to close?

A8: We expect the combination to close in September 2006, subject to the factors and conditions set forth elsewhere in this proxy statement. See *The Combination Agreement Conditions to the Combination* and *The Combination Regulatory Matters Related to the Combination* beginning on page 58 of this proxy statement.

Q9: Are there risks I should consider in deciding whether to vote for the charter amendment proposals and the share issuance proposals?

A9: Yes. The proposed combination of our company with Inco is subject to a number of risks and uncertainties. We may not realize the benefits we currently anticipate from the combination, including those described in the answer to Question 7 above, due to challenges associated with integrating the companies. We may fail to realize increased earnings and cost savings and enhanced growth opportunities described elsewhere in this proxy statement. Further, we may fail to successfully integrate the companies' technologies and personnel in an efficient and effective manner. In addition, the combination is subject to the receipt of consents and approvals from government entities that could delay completion of the combination or impose conditions on the combined company. See *Risk Factors* and *The Combination Agreement Conditions to the Combination* beginning on pages 24 and 74 of this proxy statement, respectively.

Q10: What vote is required to approve each proposal?

A10: *Approval of the charter amendment proposal requires:* the affirmative vote of the holders of a majority of our outstanding common shares entitled to vote.

Approval of the share issuance proposal requires: the affirmative vote of the holders of a majority of our common shares voting on the proposal, so long as the total vote cast on the proposal represents a majority of our common shares outstanding.

Approval of the adjournment proposal requires: the affirmative vote of the holders of a majority of our common shares voting on the proposal.

Q11: How do I vote?

A11: If you are entitled to vote at the special meeting, you can vote by proxy before the special meeting or you can vote in person by completing a ballot at the special meeting. Even if you plan to attend the special meeting, we encourage you to vote your shares by proxy as soon as possible. After carefully reading and considering the information contained in this proxy statement, please submit your proxy by telephone or Internet in accordance with the instructions set forth on the enclosed proxy card or voting instruction form, or complete, sign, date and mail the proxy card or voting instruction form, in the enclosed postage-paid envelope as soon as possible so that your shares may be voted at the special meeting. For detailed information, please see *Information About the Special Meeting How to Vote* beginning on page 61 of this proxy statement.

Q12: I hold my shares in street name. How are my shares voted?

A12: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. If this is the case, this proxy statement has been forwarded to you by your brokerage firm, bank or other nominee, or their agent. As the beneficial holder, you have the right to direct your broker, bank or other nominee as to how to vote your shares. **If you hold your shares in street name and do not provide your broker, bank or other nominee**

with instructions on how to vote your shares, your broker, bank or other nominee will not be permitted to vote them on the charter amendment proposal, the share issuance proposal or the adjournment proposal. Shares not voted in favor of the charter amendment proposal will have the effect of a vote against that proposal. You should, therefore, be sure to provide your broker, bank or other nominee with instructions on how to vote

your shares. Your broker or bank may also provide telephone or Internet voting options, and you should refer to the instructions that accompanied this proxy statement.

Q13: How many votes do I have?

A13: You are entitled to one vote for each share of Phelps Dodge common stock that you own as of the record date. As of the close of business on July 24, 2006, there were approximately 203,979,726 outstanding shares of Phelps Dodge common stock. As of that date, less than 1% of the outstanding shares of Phelps Dodge common stock were held by the directors and executive officers of Phelps Dodge.

Q14: What constitutes a quorum?

A14: Holders of at least a majority of our outstanding

negotiated
prices.

These prices will be determined by the holders of the shares of CD common stock or by, for example, agreement between these holders and underwriters or dealers who may receive fees or commissions in connection with the sale. The aggregate proceeds to the selling stockholders from the sale of the shares of CD common stock offered by them hereby will be the purchase price of the shares of CD common stock less discounts and commissions, if any.

The sales described in the preceding paragraph may be effected in transactions:

- on the New York Stock Exchange or any exchange on which our shares of CD common stock may then be listed;
- in the over-the-counter market;
- in transactions otherwise than on such exchanges or services or in the over-the-counter market;
- or
- through the writing of options.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with sales of the shares of CD common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, subject to limitations set forth in the Stock Purchase Agreement. These broker-dealers may in turn engage in short sales of the shares of CD common stock in the course of hedging their positions. The selling stockholders may also sell the shares of CD common stock short and deliver the shares of CD common stock to close out short positions, or loan or pledge the shares of CD common stock to broker-dealers that in turn may sell the shares of CD common stock, also subject to limitations set forth in the Stock Purchase Agreement.

The selling stockholders may not sell any, or may not sell all, of the shares of CD common stock offered by it pursuant to this prospectus. In addition, we cannot assure you that the selling stockholders will not transfer, devise or gift the shares of CD common stock by other means not described in this prospectus. In addition, any shares of CD common stock covered by this prospectus which qualify for sale pursuant to Rule 144 of the Securities Act may be sold under Rule 144 rather than pursuant to this prospectus. In addition, the selling stockholders may also, from time to time, sell the other shares of CD common stock that they own and that are not covered by this prospectus under Rule 144 or Rule 144A of the Securities Act if they meet the requirements of those rules.

The Stock Purchase Agreement sets forth certain restrictions with respect to the transfer of the shares of CD common stock offered by this prospectus. In particular, JELD-WEN agreed that until the first anniversary of the stock purchase closing date, JELD-WEN would not cause any transfer of any shares of CD Common Stock beneficially owned by JELD-WEN, provided, that, during the period from and after the stock purchase closing date and ending on the first anniversary of the stock purchase closing date, JELD-WEN may transfer up to, but not more than, thirty percent of the number of shares of CD Common Stock that JELD-WEN acquires pursuant to the stock purchase agreement. During this period JELD-WEN may pledge the other seventy percent of the number of shares of CD Common Stock that JELD-WEN acquires pursuant to the stock purchase agreement as collateral for a loan of money under certain circumstances.

The outstanding shares of CD common stock are listed for trading on the New York Stock Exchange.

The selling stockholders and any broker and any broker-dealers, agents or underwriters that participate with the selling stockholder in the distribution of the shares of CD common stock may be deemed to be underwriters within the meaning of the Securities Act. In this case, any commissions received by these broker-dealers, agents or underwriters and any profit on the resale of the shares of CD common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

The selling stockholder, any broker, broker-dealer or agent deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act. At any time a particular offer of the shares of CD common stock is made, a revised prospectus or prospectus supplement, if required, will be distributed which discloses:

the name of the selling stockholder and any participating underwriters, broker-dealers or agents;

the aggregate amount and type of securities being offered;

the price at which the securities were sold and other material terms of the offering;

any discounts, commissions, concessions or other items constituting compensation from the selling stockholder and any discounts, commissions or concessions allowed or reallocated or paid to dealers; and

that the participating broker-dealers did not conduct any investigation to verify the information in this prospectus or incorporated in this prospectus by reference.

The prospectus supplement or a post-effective amendment will be filed with the Commission to reflect the disclosure of additional information with respect to the distribution of the shares of CD common stock. In addition, if we receive notice from a selling stockholder that a donee or pledgee intends to sell more than 500 shares of our CD common stock, a supplement to this prospectus will be filed.

We have agreed to indemnify each selling stockholder, and each selling stockholder has agreed to indemnify us, our directors, our officers and each person, if any, who controls Cendant within the meaning of the Securities Act or the Exchange Act, against specified liabilities arising under the Securities Act.

The selling stockholders and any other person participating in such distribution will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of

purchases and sales of any of the shares of CD common stock by the selling stockholders and any such other person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the shares of CD common stock to engage in market-making activities with respect to the particular shares of CD common stock being distributed for a period of up to five business days prior to the commencement of distribution. This may affect the marketability of the shares of CD common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of CD common stock.

We have agreed to use our commercially reasonable efforts to keep the registration statement of which this prospectus is a part effective until the earlier of:

April 30,
2004; or

the date on which all of the shares of CD common stock registered under the registration statement of which this prospectus is a part shall either:

have been disposed of in accordance with such registration statement;

have been distributed pursuant to Rule 144 under the Securities Act;

(i) have been otherwise transferred, (ii) new certificates or other evidences of ownership for them not bearing a legend restricting further transfer and not subject to any stop transfer order or other restrictions on transfer shall have been delivered by Cendant or the transfer agent for such shares and (iii) subsequent disposition of such shares shall not require registration or qualification under the Securities Act or any state securities laws then in force;

have been transferred without our written consent to the transfer or assignment of the rights and obligations under the Registration Rights Agreement;

be eligible for sale pursuant to Rule 144(k) under the Securities Act; or

cease to be
outstanding.

Our obligation to keep the registration statement to which this prospectus relates effective is subject to certain permitted exceptions. We may suspend use of the registration statement for a period not to exceed 120 days in any 12 month period (i) if we determine that the continued use of the registration statement would require us to disclose a material financing, acquisition or other corporate development of Cendant or any of its affiliates which disclosure we determine is not in the best interest of Cendant, (ii) if we determine that such action is required by applicable law or (iii) upon the occurrence of any event which comes to our attention which would result in this prospectus containing an untrue statement of a material fact or omitting to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading. We have agreed to promptly notify each selling stockholder at such time as such financing, acquisition or other corporate development has been otherwise publicly disclosed or terminated or counsel to Cendant has determined that such disclosure is not required due to subsequent events.

LEGAL MATTERS

The validity of the shares of CD common stock offered hereby will be passed upon for us by Eric J. Bock, Esq., Executive Vice President and Corporate Secretary of Cendant. Mr. Bock holds shares of CD common stock and options to acquire shares of CD common stock.

EXPERTS

The consolidated financial statements of Cendant and its subsidiaries as of December 31, 2001 and 2000 and for each of the years in the three year period ended December 31, 2001, incorporated by reference into this prospectus from Cendant's Annual Report on Form 10-K for the year ended December 31, 2001, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report (which expresses an unqualified opinion and includes an explanatory paragraph relating to the modification of the accounting for interest income and impairment of beneficial interests in securitization transactions, the accounting for derivative instruments and hedging activities and the revision of certain revenue recognition policies, discussed in Note 1), which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Cendant is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at prescribed rates at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Office of the Commission located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661. The Commission also maintains a website that contains reports, proxy and information statements and other information. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The website address is <http://www.sec.gov>. In addition, such material can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

Cendant is paying all of the selling stockholders expenses related to this offering. The following table sets forth the approximate amount of fees and expenses payable by Cendant in connection with this Registration Statement and the distribution of the shares of CD common stock registered hereby. All of the amounts shown are estimates except the Securities and Exchange Commission registration fee.

Securities and Exchange Commission Registration Fee	\$	70,442
Accounting Fees and Expenses	\$	100,000
Legal Fees and Expenses	\$	50,000
Miscellaneous	\$	200,000
		<hr/>
Total	\$	420,442
		<hr/>

Item 15. Indemnification of Directors and Officers

Section 102 of the General Corporation Law of the State of Delaware allows a corporation to eliminate the personal liability of directors to a corporation or its stockholders for monetary damages for a breach of a fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase or redemption in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the Delaware General Corporation Law empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A Delaware corporation may indemnify directors, officers, employees and other agents of such corporation in an action by or in the right of a corporation under the same conditions against expenses (including attorney's fees) actually and reasonably incurred by the person in connection with the defense and settlement of such action or suit, except that no indemnification is permitted without judicial approval if the person to be indemnified has been adjudged to be liable to the corporation. Where a present or former director or officer of the corporation is successful on the merits or otherwise in the defense of any action, suit or proceeding referred to above or in defense of any claim, issue or matter therein, the corporation must indemnify such person against the expenses (including attorneys' fees) which he or she actually and reasonably incurred in connection therewith.

Section 174 of the General Corporation Law of the State of Delaware provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered into the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

The Registrant's By-Laws contain provisions that provide for indemnification of officers and directors and their heirs and distributees to the full extent permitted by, and in the manner permissible under, the General Corporation Law of the State of Delaware.

As permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, the Registrant's Amended and Restated Certificate of Incorporation contains a provision eliminating the personal liability of a director to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, subject to some exceptions.

Cendant Corporation maintains, at its expense, a policy of insurance which insures its directors and officers, subject to exclusions and deductions as are usual in these kinds of insurance policies, against specified liabilities which may be incurred in those capacities.

Item 16. Exhibits and Financial Statement Schedules

The following is a list of all exhibits filed as a part of this registration statement on Form S-3, including those incorporated in this registration statement by reference.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Cendant Corporation (incorporated by reference to Exhibit 3.1 to Cendant Corporation's Quarterly Report on Form 10-Q/A filed by Cendant Corporation on July 28, 2000 for the quarterly period ended March 31, 2000).
3.2	Amended and Restated By-Laws of Cendant Corporation (incorporated by reference to Exhibit 3.2 to Cendant Corporation's Quarterly Report on Form 10-Q/A filed by Cendant Corporation on July 28, 2000 for the quarterly period ended March 31, 2000).
4.1	Form of Stock Certificate (incorporated by reference to Exhibit 4.1 to Cendant Corporation's Annual Report on Form 10-K filed by Cendant Corporation on March 29, 2001 for the yearly period ended December 31, 2000).
4.2	Registration Rights Agreement, dated as of April 30, 2002 by and among Cendant Corporation, JELD-WEN, inc. and certain other shareholders of Trendwest Resorts, Inc.
5.1*	Opinion of Eric J. Bock, Esq.
10.1	Agreement and Plan of Merger and Reorganization, dated as of March 30, 2002, by and among Cendant Corporation, Tornado Acquisition Corp., JELD-WEN, inc. and Trendwest Resorts, Inc (incorporated by reference to Exhibit 99.1 to Cendant Corporation's Form 13-D filed by Cendant Corporation on April 9, 2002).
10.2	Stock Purchase Agreement, dated as of March 30, 2002, by and among Cendant Corporation, Tornado Acquisition Corp., JELD-WEN, inc. and certain other shareholders of Trendwest Resorts, Inc. (incorporated by reference to Exhibit 99.2 to Cendant Corporation's Form 13-D filed by Cendant Corporation on April 9, 2002).
23.1	Consent of Deloitte & Touche LLP relating to the financial statements of Cendant.
23.2	Consent of KPMG LLP relating to the financial statements of Galileo International, Inc.
23.3*	Consent of Eric J. Bock, Esq. (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page to Registration Statement)

* Not filed
herewith

Item 17. Undertakings

1. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(b) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective Registration Statement; and

(c) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (1)(a) and (1)(b) shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, as amended, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, as amended, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Cendant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on May 1, 2002.

CENDANT CORPORATION
(Registrant)

By:
 /s/ JAMES E.
 BUCKMAN

James E. Buckman
VICE CHAIRMAN,
GENERAL COUNSEL
AND DIRECTOR

Each person whose signature appears below hereby constitutes and appoints Henry R. Silverman, James E. Buckman and Eric J. Bock, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including, without limitation, post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<p>/s/ HENRY R. SILVERMAN</p> <hr/> <p>Henry R. Silverman</p>	<p>Chairman of the Board of Directors, President, Chief Executive Officer and Director</p>	<p>May 1, 2002</p>
<p>/s/ KEVIN M. SHEEHAN</p> <hr/> <p>Kevin M. Sheehan</p>	<p>Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)</p>	<p>May 1, 2002</p>
<p>/s/ TOBIA IPPOLITO</p> <hr/> <p>Tobia Ippolito</p>	<p>Executive Vice President, Finance and Chief Accounting Officer (Principal Accounting Officer)</p>	<p>May 1, 2002</p>
<p>/s/ JAMES E. BUCKMAN</p> <hr/> <p>James E. Buckman</p>	<p>Vice Chairman, General Counsel and Director</p>	<p>May 1, 2002</p>
<p>/s/ STEPHEN P. HOLMES</p> <hr/> <p>Stephen P. Holmes</p>	<p>Vice Chairman and Director</p>	<p>May 1, 2002</p>
<p><u> </u></p> <p>Myra J. Biblowit</p>	<p>Director</p>	

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<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<hr/> The Honorable William S. Cohen	Director	
<hr/> Leonard S. Coleman	Director	
<hr/> /s/ MARTIN L. EDELMAN	Director	May 1, 2002
<hr/> Martin L. Edelman		
<hr/> Dr. John C. Malone	Director	
<hr/> /s/ CHERYL D. MILLS	Director	May 1, 2002
<hr/> Cheryl D. Mills		
<hr/> /s/ THE RT. HON. BRIAN MULRONEY, P.C., C.C., LL.D.	Director	April 26, 2002
<hr/> The Rt. Hon. Brian Mulroney, P.C., C.C., LL.D.		
<hr/> /s/ ROBERT E. NEDERLANDER	Director	April 26, 2002
<hr/> Robert E. Nederlander		
<hr/> /s/ ROBERT W. PITTMAN	Director	May 1, 2002
<hr/> Robert W. Pittman		
<hr/> /s/ SHELI Z. ROSENBERG	Director	May 1, 2002
<hr/> Sheli Z. Rosenberg		
<hr/> /s/ ROBERT F. SMITH	Director	May 1, 2002
<hr/> Robert F. Smith		

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