

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: March 14, 2007

**Subject: \*\*UPDATE\*\* Phelps Dodge Corp. (PD) Pending Merger**

On Wednesday, March 14, 2007, the shareholders of Phelps Dodge Corp. (PD) voted to approve the proposed merger with Freeport McMoran Copper & Gold Inc. (FCX). Pursuant to the merger terms each PD share will be converted into the right to receive 0.67 FCX common shares plus \$88.00 cash. **The merger is anticipated to become effective on Monday, March 19, 2007.**

*\*\*The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding PD options will be adjusted as follows:

**EFFECTIVE DATE:** Option changes are expected to become effective Tuesday, March 20, 2007  
**SYMBOL(s):** PD/DPB/WZP/LWL/VZD becomes DPJ/DPT/WWP/LPJ/VGF respectively  
**STRIKE PRICE:** No Change  
**POS/EXERCISE LIMIT:** 750,000 contracts until June 2007 expiration where the limits revert to 450,000 contracts  
The limits will further reduce to 250,000 contracts following the January 2009 expiration.  
**MULTIPLIER:** 100\*(eg., Premium of 1.00 = \$100)  
**NEW DELIVERABLE:** 1) 67 FCX common shares.  
2) \$8,800.00 cash (\$88.00 x 100)

Phelps Dodge Corp. (PD/DPB) (Before - Date To Be Announced) 100 shares PD					Phelps Dodge Corp. (DPJ/DPT) (Beginning - Date To Be Announced) (See New Deliverable Above)				
			Calls	Puts				Calls	Puts
PD	APR	60	DL	PL	DPJ	APR	60	DL	PL
PD	APR	65	DM	PM	DPJ	APR	65	DM	PM
PD	APR	70	DN	PN	DPJ	APR	70	DN	PN
PD	APR	75	DO	PO	DPJ	APR	75	DO	PO
PD	APR	80	DP	PP	DPJ	APR	80	DP	PP
DPB	APR	85	DQ	PQ	DPT	APR	85	DQ	PQ
DPB	APR	90	DR	PR	DPT	APR	90	DR	PR
DPB	APR	95	DS	PS	DPT	APR	95	DS	PS
DPB	APR	100	DT	PT	DPT	APR	100	DT	PT
DPB	APR	105	DA	PA	DPT	APR	105	DA	PA
DPB	APR	110	DB	PB	DPT	APR	110	DB	PB
DPB	APR	115	DC	PC	DPT	APR	115	DC	PC
DPB	APR	120	DD	PD	DPT	APR	120	DD	PD
DPB	APR	125	DE	PE	DPT	APR	125	DE	PE
DPB	APR	130	DF	PF	DPT	APR	130	DF	PF
DPB	APR	135	DG	PG	DPT	APR	135	DG	PG
DPB	APR	140	DH	PH	DPT	APR	140	DH	PH
DPB	APR	145	DI	PI	DPT	APR	145	DI	PI
DPB	APR	150	DJ	PJ	DPT	APR	150	DJ	PJ
PD	JUL	65	GM	SM	DPJ	JUL	65	GM	SM
PD	JUL	70	GN	SN	DPJ	JUL	70	GN	SN
PD	JUL	75	GO	SO	DPJ	JUL	75	GO	SO
PD	JUL	80	GP	SP	DPJ	JUL	80	GP	SP

DPB	JUL	85	GQ	SQ	DPT	JUL	85	GQ	SQ
DPB	JUL	90	GR	SR	DPT	JUL	90	GR	SR
DPB	JUL	95	GS	SS	DPT	JUL	95	GS	SS
DPB	JUL	100	GT	ST	DPT	JUL	100	GT	ST
DPB	JUL	105	GA	SA	DPT	JUL	105	GA	SA
DPB	JUL	110	GB	SB	DPT	JUL	110	GB	SB
DPB	JUL	115	GC	SC	DPT	JUL	115	GC	SC
DPB	JUL	120	GD	SD	DPT	JUL	120	GD	SD
DPB	JUL	125	GE	SE	DPT	JUL	125	GE	SE
DPB	JUL	130	GF	SF	DPT	JUL	130	GF	SF
DPB	JUL	135	GG	SG	DPT	JUL	135	GG	SG
DPB	JUL	140	GH	SH	DPT	JUL	140	GH	SH
DPB	JUL	145	GI	SI	DPT	JUL	145	GI	SI
DPB	JUL	150	GJ	SJ	DPT	JUL	150	GJ	SJ
DPB	OCT	100	JT	VT	DPT	OCT	100	JT	VT
DPB	OCT	105	JA	VA	DPT	OCT	105	JA	VA
DPB	OCT	110	JB	VB	DPT	OCT	110	JB	VB
DPB	OCT	115	JC	VC	DPT	OCT	115	JC	VC
DPB	OCT	120	JD	VD	DPT	OCT	120	JD	VD
DPB	OCT	125	JE	VE	DPT	OCT	125	JE	VE
DPB	OCT	130	JF	VF	DPT	OCT	130	JF	VF
DPB	OCT	135	JG	VG	DPT	OCT	135	JG	VG
DPB	OCT	140	JH	VH	DPT	OCT	140	JH	VH
DPB	OCT	145	JI	VI	DPT	OCT	145	JI	VI
DPB	OCT	150	JJ	VJ	DPT	OCT	150	JJ	VJ

Phelps Dodge - 2008 Leap (PD/WZP/LWL)  
(Before - Date To Be Announced)

100 shares PD

			Call	Put
WZP	JAN	27 1/2	AY	MY
WZP	JAN	30	AF	MF
WZP	JAN	32 1/2	AZ	MZ
WZP	JAN	35	AG	MG
WZP	JAN	37 1/2	AU	MU
WZP	JAN	40	AH	MH
WZP	JAN	42 1/2	AV	MV
WZP	JAN	45	AI	MI
WZP	JAN	47 1/2	AW	MW
WZP	JAN	50	AJ	MJ
WZP	JAN	52 1/2	AX	MX
WZP	JAN	55	AK	MK
WZP	JAN	57 1/2	AA	MA
WZP	JAN	60	AL	ML
WZP	JAN	62 1/2	AB	MB
WZP	JAN	65	AM	MM
WZP	JAN	67 1/2	AC	MC
WZP	JAN	70	AN	MN
WZP	JAN	72 1/2	AD	MD
LWL	JAN	75	AO	MO
LWL	JAN	77 1/2	AW	MW
LWL	JAN	80	AP	MP
LWL	JAN	82 1/2	AX	MX
LWL	JAN	85	AQ	MQ
LWL	JAN	87 1/2	AY	MY
LWL	JAN	90	AR	MR
LWL	JAN	95	AS	MS
LWL	JAN	100	AT	MT
LWL	JAN	105	AA	MA
LWL	JAN	110	AB	MB

Phelps Dodge - 2008 Leap (PD/WWP/LPJ)  
(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Call	Put
WWP	JAN	27 1/2	AY	MY
WWP	JAN	30	AF	MF
WWP	JAN	32 1/2	AZ	MZ
WWP	JAN	35	AG	MG
WWP	JAN	37 1/2	AU	MU
WWP	JAN	40	AH	MH
WWP	JAN	42 1/2	AV	MV
WWP	JAN	45	AI	MI
WWP	JAN	47 1/2	AW	MW
WWP	JAN	50	AJ	MJ
WWP	JAN	52 1/2	AX	MX
WWP	JAN	55	AK	MK
WWP	JAN	57 1/2	AA	MA
WWP	JAN	60	AL	ML
WWP	JAN	62 1/2	AB	MB
WWP	JAN	65	AM	MM
WWP	JAN	67 1/2	AC	MC
WWP	JAN	70	AN	MN
WWP	JAN	72 1/2	AD	MD
LPJ	JAN	75	AO	MO
LPJ	JAN	77 1/2	AW	MW
LPJ	JAN	80	AP	MP
LPJ	JAN	82 1/2	AX	MX
LPJ	JAN	85	AQ	MQ
LPJ	JAN	87 1/2	AY	MY
LPJ	JAN	90	AR	MR
LPJ	JAN	95	AS	MS
LPJ	JAN	100	AT	MT
LPJ	JAN	105	AA	MA
LPJ	JAN	110	AB	MB

LWL	JAN	115	AC	MC	LPJ	JAN	115	AC	MC
LWL	JAN	120	AD	MD	LPJ	JAN	120	AD	MD
LWL	JAN	125	AE	ME	LPJ	JAN	125	AE	ME
LWL	JAN	130	AF	MF	LPJ	JAN	130	AF	MF
LWL	JAN	135	AG	MG	LPJ	JAN	135	AG	MG
LWL	JAN	140	AH	MH	LPJ	JAN	140	AH	MH
LWL	JAN	145	AI	MI	LPJ	JAN	145	AI	MI
LWL	JAN	150	AJ	MJ	LPJ	JAN	150	AJ	MJ

Phelps Dodge - 2009 Leap (PD/VZD)  
(Before - Date To Be Announced)  
100 shares PD

			Call	Put
VZD	JAN	60	AL	ML
VZD	JAN	70	AN	MN
VZD	JAN	80	AP	MP
VZD	JAN	90	AR	MR
VZD	JAN	100	AT	MT
VZD	JAN	110	AB	MB
VZD	JAN	120	AD	MD
VZD	JAN	130	AF	MF
VZD	JAN	140	AH	MH
VZD	JAN	150	AJ	MJ

Phelps Dodge - 2009 Leap (PD/VGF)  
(Beginning - Date To Be Announced)  
(See New Deliverable Above)

			Call	Put
VGF	JAN	60	AL	ML
VGF	JAN	70	AN	MN
VGF	JAN	80	AP	MP
VGF	JAN	90	AR	MR
VGF	JAN	100	AT	MT
VGF	JAN	110	AB	MB
VGF	JAN	120	AD	MD
VGF	JAN	130	AF	MF
VGF	JAN	140	AH	MH
VGF	JAN	150	AJ	MJ

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to the Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.