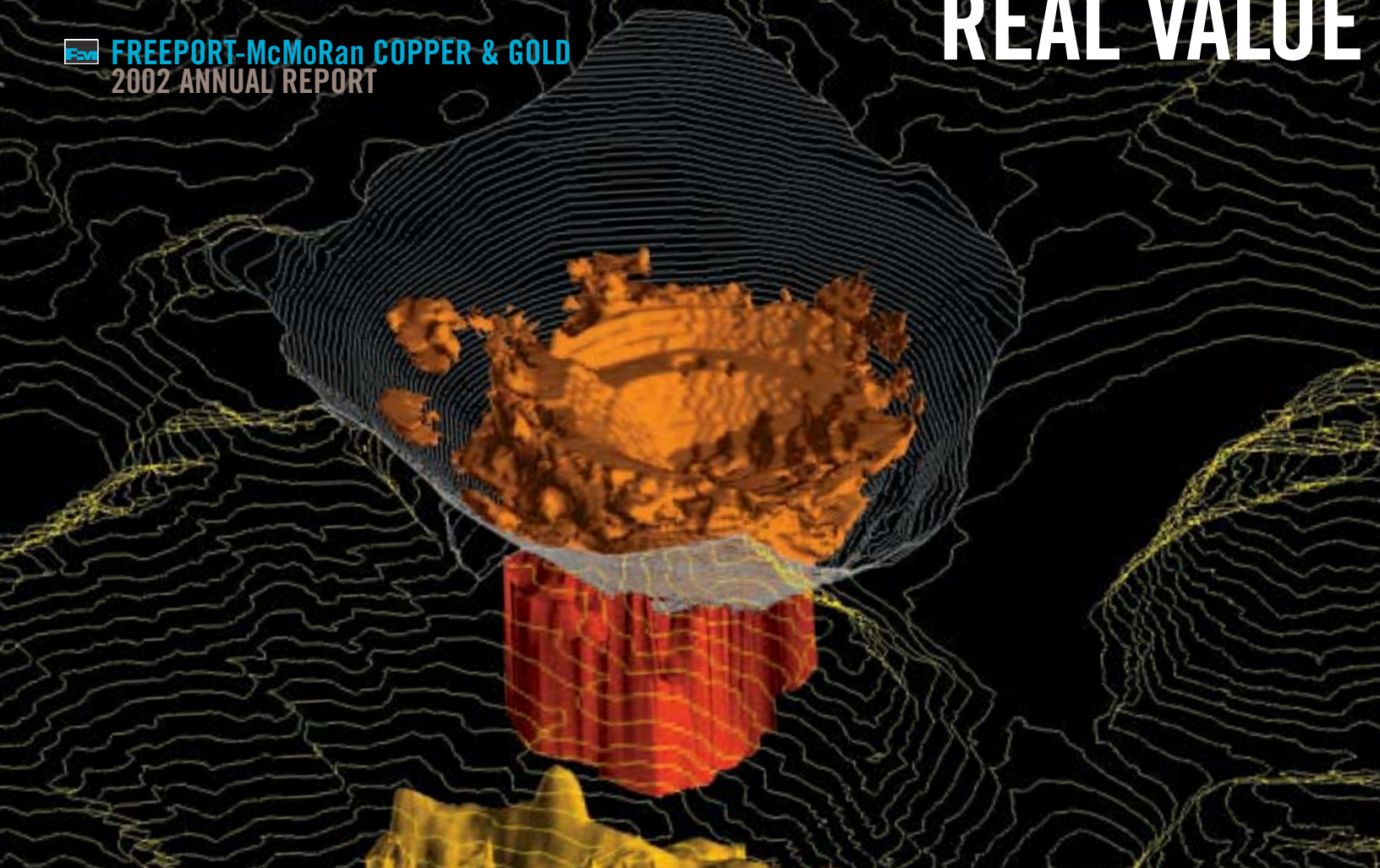




REAL ASSETS REAL VALUE



FREEPORT-McMoRan COPPER & GOLD
2002 ANNUAL REPORT



Grasberg Open Pit Reserve

Grasberg Underground

Kucing Liar Drift

Kucing Liar

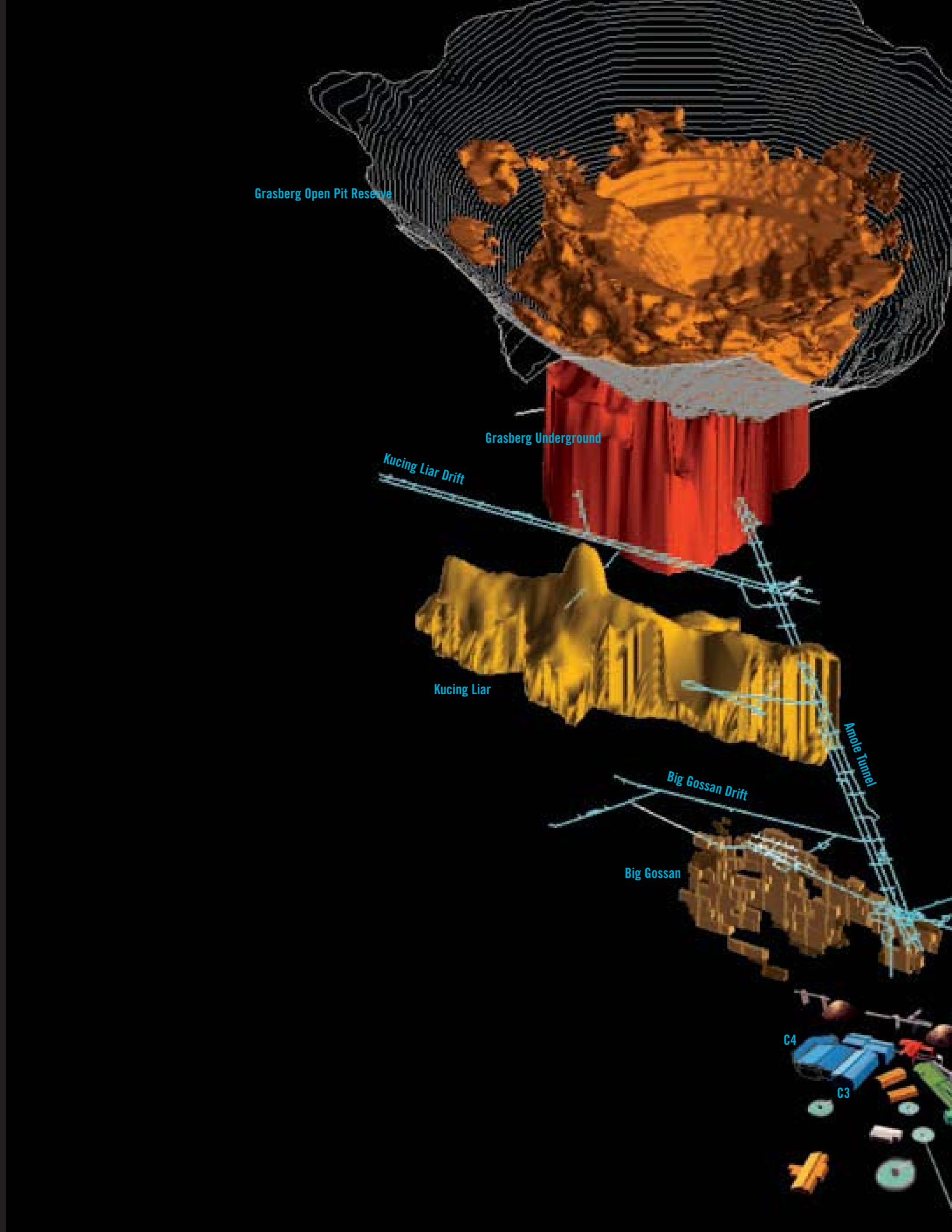
Amole Tunnel

Big Gossan Drift

Big Gossan

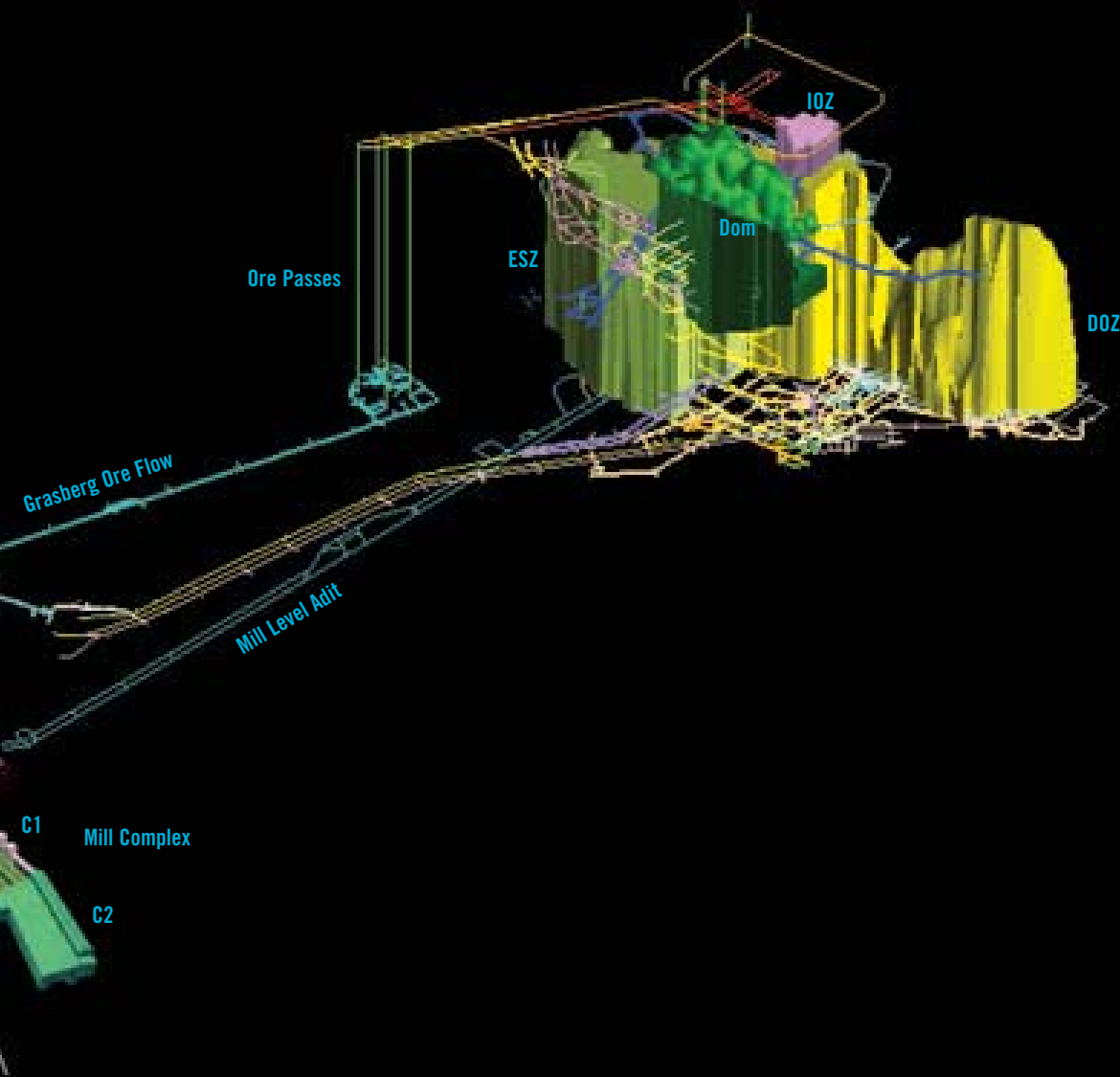
C4

C3



REAL ASSETS/REAL VALUE

This foldout illustrates the layout of the current 2.6 billion metric ton Grasberg/Ertsberg minerals district reserves. The western side of the district is dominated by the Grasberg, with its massive open pit (final design shown) and block cave mineable reserves, and the Kucing Liar and Big Gossan ore bodies. The eastern side of the district is dominated by the Ertsberg East ore bodies [Intermediate Ore Zone (IOZ), Deep Ore Zone (DOZ), and Ertsberg Stockwork Zone (ESZ)] to the north, and the Dom ore bodies high up and to the south. The underground production and exploration access to these ore bodies is shown. The mill complex, with its four concentrators (labeled C1 through C4) sits to the south at the end of the three main ore conveyance tunnels.



FREEPORT-McMoRan COPPER & GOLD INC.

Freeport-McMoRan Copper & Gold Inc. (FCX) is the world's lowest-cost copper producer and one of the world's largest producers of copper and gold. FCX's operations are conducted through its subsidiaries, PT Freeport Indonesia, PT Irja Eastern Minerals and Atlantic Copper, S.A. PT Freeport Indonesia's operations in Papua, Indonesia, involve mineral exploration and development, mining and milling of ore containing copper, gold and

silver and the worldwide marketing of concentrates containing those metals. PT Freeport Indonesia is also a 25 percent owner of PT Smelting, which operates a copper smelter and refinery in Gresik, Indonesia. PT Irja Eastern Minerals conducts mineral exploration activities on land adjacent to that held by PT Freeport Indonesia. FCX also conducts mineral exploration activities in Papua pursuant to a joint venture through PT Nabire Bakti

Mining. All of these companies operate through Contracts of Work with the Government of Indonesia which, at the end of 2002, covered approximately 2.2 million acres. Atlantic Copper operates a copper smelter and refinery in Huelva, Spain.

Our common stock trades on the New York Stock Exchange (NYSE) under the symbol "FCX."

SUMMARY FINANCIAL HIGHLIGHTS

Years Ended December 31,	2002	2001	2000	1999	1998
(Financial Data in Thousands, Except Per Share Amounts)					
Revenues	\$1,910,462	\$1,838,866	\$1,868,610	\$1,887,328	\$1,757,132
Operating income	640,137	542,926	429,293	578,316	579,585
Net income applicable to common stock	127,050	76,496	39,500	100,787	118,317
Diluted net income per common share	.87	.53	.26	.61	.67
At December 31:					
Total assets	4,192,193	4,211,929	3,950,741	4,082,916	4,192,634
Long-term debt, including current portion and short-term borrowings	2,038,390	2,338,600	2,190,025	2,148,259	2,456,793
Stockholders' equity	266,826	104,444	37,931	196,880	103,416

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On the cover: The Grasberg open-pit mine (upper page) and surrounding ore bodies (a portion shown on lower page) form the world-class Grasberg/Ertsberg minerals district in Papua, Indonesia. Open the foldout for a more detailed look at the Grasberg complex.

TO OUR SHAREHOLDERS:

"REAL ASSETS/REAL VALUE," as the theme for our 2002 Annual Report, has special meaning in today's world. In the past two years, wrenching world events and the catastrophic collapse of a number of major companies and industries made "uncertainty" the byword for businesses and investors. Many investors have turned away from the stock market; all are far more cautious after learning that "all that glitters is not gold." That's what makes our company so compelling. We have gold, the largest single gold reserve in the world. We also have the largest copper deposit in the world – both contained in a single location, the Grasberg/Ertsberg minerals district, one of the most valuable mineral deposits being mined on the planet today.

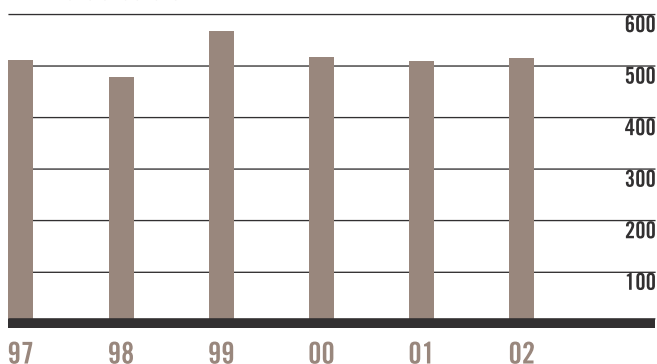
Through the drilling and scientific analysis of thousands of core samples, we know the Grasberg probably better than you know your own front yard, and we continually add to our knowledge base about the increasingly valuable attributes of this magnificent area of mineralization. Modern technology allows us to model the deposits with precision and analyze them from the front, from the back, even from underneath to help guide our mine plan and future exploration and development opportunities. We have "CAT-scanned" the Grasberg ore body. With reserve additions during 2002, aggregate proven and probable reserves at the Grasberg/Ertsberg minerals district were 2.6 billion metric tons of ore containing an aggregate 53.3 billion pounds of copper, 39.4 billion pounds net to the interest of our mining affiliate, PT

Freeport Indonesia; and 62.6 million ounces of gold, 48.5 million net to PT Freeport Indonesia's interest. These are REAL ASSETS. These large, long-lived, low-cost reserves will be mined over the next three decades. Moreover, we will add to them. Over the past five years – despite our high production rates – our exploration has added to aggregate reserves 174 percent of the copper production and 99 percent of the gold production.

Our high-volume production – the Grasberg milling complex is the largest in the world – delivers our copper and gold into the marketplace rapidly so that our shareholders realize value. In 2002, PT Freeport Indonesia's share of production and sales was 1.5 billion pounds of copper and 2.3 million ounces of gold. Our forecast shows similar results over the next several years with average annual production through 2007 of 1.4 billion pounds of copper and 2.3 million ounces of gold, net to PT Freeport Indonesia's interest. History demonstrates that we consistently met or exceeded our forecasts. We have no crystal ball to tell us what metals prices will be in the future, but we are exceedingly well positioned to participate in what we expect to be a highly positive global market for copper in the future and in the currently stronger gold market. We are well positioned for any price environment, because we are by a significant margin the low-cost leader in the industry, due to the unique nature of the Grasberg ore body. When we calculate our cost to produce copper, we consider our revenues from gold sales as a credit against costs. In

OPERATING CASH FLOW

In millions of dollars



Our low-cost operations provide strong, steady operating cash-flow generating capacity, averaging over \$500 million annually over the past six years.

2002, for example, our net cash costs to produce copper were \$0.08 per pound – eight cents!

We sold copper for an average \$0.71 per pound – seventy-one cents – during 2002, and this price is considered low by historical and expected future standards for copper prices. Looking ahead to 2003, assuming a gold price of \$350 an ounce and gold sales of 2.6 million ounces could mean a credit or negative cost of \$0.07 per pound of copper produced at the Grasberg/Ertsberg minerals district. This compares to an industry average of approximately \$0.40–\$0.50 per pound to produce copper.

Our low-cost operations provide significant cash-flow generating capacity. In 2002, operating cash flow totaled \$513 million, allowing us to reduce net debt and redeemable preferred stock by over \$278 million. We have reduced our net debt and redeemable preferred stock by \$536 million in the last two years. Combined with significantly lower future capital expenditures, we are poised to achieve continued excellent bottom-line results in the future. That means REAL VALUE for our shareholders.

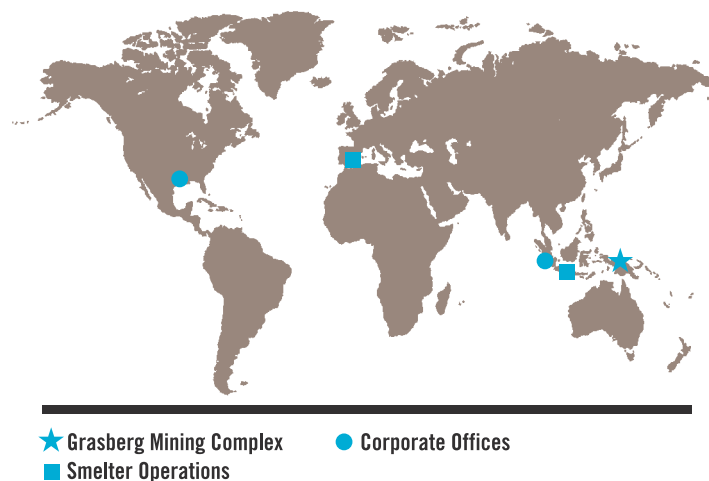
The last several years have been a period of historically low commodity prices. Because we do not hedge our copper and gold production, our cash flow and earnings respond to changes in the prices of our commodities. At current copper and gold prices of

\$0.75 per pound and \$350 per ounce, respectively, we project that our 2003 operating cash flows would approximate \$575 million and our reductions of net debt and mandatorily redeemable preferred stock would approximate \$350 million. Each \$0.10 change in copper prices would have an approximate \$70 million impact on these estimates and each \$25 change in gold prices would have an approximate \$33 million impact.

Data from recent acquisitions in the mining sector suggest FCX common stock is significantly undervalued by the public markets. We believe this is largely attributable to perceived risk of doing business in Indonesia. However, we have operated in Indonesia for 35 years. Our current contract with the Government of Indonesia extends until 2042, including two 10-year extensions. Using values of \$0.10 per pound for copper reserves and \$100 per ounce for gold reserves – reasonable assumptions when compared to recent marketplace transactions– our FCX common stock would be valued at over \$30 per share. We will continue to strive to operate our business in a high-volume, low-cost manner and to enhance the value of assets by adding to our reserves. We will also communicate to our shareholders, creditors and potential investors our confidence in our ability to execute our business strategy over the long term.

We are poised for success. Our mines, mills and infrastructure are essentially fully developed for the remaining 12-year life of the

WORLDWIDE ASSETS



Grasberg open-pit mining operations. This enables us to generate substantial free cash flow even during periods of low commodity prices to reduce our debt and provide returns to shareholders. We have roughly twice as much underground reserves as surface reserves, providing us significant assured longevity. Plus, our company has substantial long-term growth prospects, both in the area of our existing operations and in our broader exploration area in Papua. The Grasberg minerals are very REAL ASSETS; and the extraordinary economics of this ore body and our operations are producing REAL VALUE for our shareholders.

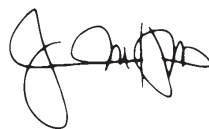
The strength of our company was demonstrated in the financial markets by our successful private placement in January 2003 of \$500 million of our 10¹/₈% Senior Notes due in 2010 and the similarly successful placement in February 2003 of \$575 million of our 7% Convertible Senior Notes due in 2011, which have a conversion price of \$30.87 per share, representing a 70 percent premium to the price of our common stock on the day prior to pricing of the offering. These transactions substantially enhance our financial position and flexibility. The authorization by our Board of Directors in February 2003 to initiate a cash dividend on our common stock of \$0.36 per share on an annual basis reflects both our improved financial flexibility and the strong cash-flow generating capacity of our business. The year 2002 represented a year of real accomplishments for our company, as

described in the following Operations Overview.

Since our last letter, The Hon. Steven J. Green and Mr. Robert W. Bruce III have resigned as directors of Freeport-McMoRan Copper & Gold Inc. because of time commitments to other endeavors. We appreciate their many contributions to the company during their tenure on our board and wish them the best for the future.

We express our thanks and appreciation to our Board of Directors and our employees, whose hard work and commitment make possible the success of our company. We commit to you that we will make every effort to be worthy to lead this world-class team in managing this world-class asset.

Respectfully yours,



James R. Moffett
Chairman of the Board and
Chief Executive Officer



Richard C. Adkerson
President and
Chief Financial Officer

March 6, 2003



Richard C. Adkerson

James R. Moffett