

PLAINS EXPLORATION & PRODUCTION CO

Form 425

January 17, 2013

FCX Discussion

Materials

FCX Discussion

Materials

January 2013

January 2013

FILED BY FREEPORT-MCMORAN COPPER & GOLD INC.

PURSUANT TO RULE 425 UNDER THE SECURITIES ACT OF 1933

SUBJECT COMPANY: PLAINS EXPLORATION & PRODUCTION COMPANY

REGISTRATION STATEMENT NO. 333-185747

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Cautionary Statement

Regarding Forward-Looking Statements

Cautionary Statement

Regarding Forward-Looking Statements

This presentation contains forward-looking statements concerning the proposed transaction, its financial and business impact, management's beliefs and objectives with respect thereto, and management's current expectations for future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words

anticipates,

may,

can,

plans,

believes,

estimates,

expects,

projects,

intends,

likely,

will,

should,

to be,

and any similar expressions or other words of similar meaning are

intended to identify those assertions as forward-looking statements. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the results of operations and financial condition of FCX or of the

combined company. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including but not limited to the ability of the parties to satisfy the conditions precedent and consummate either or both of the proposed transactions, the timing of consummation of either or both of the proposed transactions, the ability of the parties to secure regulatory approvals in a timely manner or on the terms desired or anticipated, the ability of FCX to integrate the acquired operations, the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings, and the ability to realize opportunities for growth. Other important economic, political, regulatory, legal, technological, competitive and other uncertainties are identified in the

documents filed with the Securities and Exchange Commission (the

SEC) by FCX, Plains Exploration & Production Company

and McMoRan Exploration Co. from time to time, including their Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and other documents filed in connection with the proposed transactions. The forward-looking statements included in this presentation are made only as of the date hereof. FCX undertakes no obligation to update the forward-looking statements included in this presentation to reflect subsequent events or circumstances.

The SEC requires oil and gas companies, in their filings with the SEC, to disclose proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Beginning with year-end reserves for 2009, the SEC permits oil and gas companies, in

their filings with the SEC, to disclose probable and possible reserves, as such terms are defined by the SEC. We use certain phrases and terms in this presentation, such as "gross unrisks potential and reserve potential," which the SEC's guidelines prohibit us from including in filings with the SEC. Gross unrisks potential and reserve potential do not take into account the certainty of resource recovery, which is contingent on exploration success, technical improvements in drilling access, commerciality and other factors, and are therefore not indicative of expected future resource recovery and should not be relied upon. We urge you to consider closely the disclosure of proved reserves included in McMoRan Exploration Co.'s Annual Report on Form 10-K for the year ended December 31, 2011.

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Additional Information about the
Proposed Transactions and Where to Find It

Additional Information about the
Proposed Transactions and Where to Find It
PXP Transaction

In connection with the proposed transaction, FCX has filed with the SEC a registration statement on Form S-4 that includes a p
PXP

that
also
constitutes
a
prospectus
of
FCX.
FCX
and
PXP

also
plan
to
file
other
relevant
documents
with
the
SEC
regarding
the
proposed
transaction.

INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS
BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy
and

when
it
becomes
available)
and
other
relevant
documents
filed
by
FCX
and
PXP
with
the
SEC
at
the
SEC's
website
at
www.sec.gov.

You
may
also
obtain
these
documents
by
contacting
FCX's
Investor
Relations

department
at
(602)
366-8400,
or
via
e-mail
at
IR@fmi.com;

or
by
contacting
PXP's
Investor
Relations
department
at
(713)
579-6291,
or
via
email
at
investor@pxp.com.

FCX
and
PXP
and
their
respective
directors
and
executive
officers
and
other
members
of
management
and
employees
may
be
deemed
to
be
participants
in
the

solicitation of proxies in respect of the proposed transaction. Information about FCX's directors and executive officers is available

dated April 27, 2012, for its 2012 Annual Meeting of Stockholders. Information about PXP's directors and executive officers statement dated April 13, 2012, for its 2012 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the definitive proxy statement/prospectus and other relevant materials to be filed

with
the
SEC
regarding
the
merger
when
they
become
available.

Investors
should
read
the
definitive
proxy
statement/prospectus

carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state.

shall
be
made
except
by
means
of
a
prospectus
meeting
the
requirements
of
Section
10
of
the
U.S.
Securities
Act
of
1933,
as
amended.

MMR Transaction

In connection with the proposed transaction, the royalty trust formed in connection with the transaction has filed with the SEC Form S-4 that includes a preliminary proxy statement of MMR that also constitutes a prospectus of the royalty trust. FCX, the issuer, will file other relevant documents with the SEC regarding the proposed transaction. INVESTORS ARE URGED TO READ THE

AND
OTHER
RELEVANT
DOCUMENTS
FILED
WITH
THE
SEC
IF

AND
WHEN
THEY
BECOME
AVAILABLE,
BECAUSE
THEY
WILL

CONTAIN
IMPORTANT

INFORMATION. You may obtain a free copy of the proxy statement/prospectus (if and when it becomes available) and other the

royalty

trust

and

PXP

with

the

SEC

at

the

SEC's

website

at

www.sec.gov.

You

may

also

obtain

these

documents

by

contacting

FCX's

Investor

Relations

department

at

(602)

366-8400,

or

via
e-mail
at
IR@fmi.com;

or
by
contacting
MMR's
Investor
Relations
department
at

(504)
582-4000,
or

via
email at
IR@fmi.com.

FCX
and
MMR
and
their
respective
directors
and
executive
officers
and
other
members
of
management
and
employees
may
be
deemed
to
be
participants
in

the solicitation of proxies in respect of the proposed transaction. Information about FCX's directors and executive officers is a statement dated April 27, 2012, for its 2012 Annual Meeting of Stockholders. Information about MMR's directors and executive officers is a statement dated April 27, 2012, for its 2012 Annual Meeting of Stockholders. Information about MMR's directors and executive officers is a statement dated April 27, 2012, for its 2012 Annual Meeting of Stockholders.

its
2012
Annual
Meeting
of
Stockholders.
Other
information
regarding
the
participants
in
the
proxy
solicitation
and a
description
of
their
direct
and
indirect
interests,
by
security
holdings
or
otherwise,
will
be
contained
in
the
definitive
proxy
statement/prospectus
and
other
relevant
materials
to
be
filed
with
the
SEC
regarding
the
merger
when

they
become
available.
Investors
should
read
the
definitive
proxy
statement/prospectus

carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state.

securities
shall
be
made
except
by
means
of
a
prospectus
meeting
the
requirements
of
Section
10
of
the
U.S.
Securities
Act
of
1933,
as
amended.

4

Recent Acquisitions

Why Now?

Recent Acquisitions

Why Now?

Positive Long-Term Global Economic Outlook

Limited Opportunities to Invest in Copper Beyond Brown Field

Expansions

Attractive Opportunity to Acquire High Quality Assets

Strong Margins and Cash Flows (Self-funding Growth)

Financially Attractive Growth Options

Enhances
Diversification

Commodity/Geographic

Enhances
Exploration
Leverage

Multiple
High
Quality
Targets

Attractive Entry Point for Long Term Natural Gas Business

Opportunity for Stronger Long Term Returns for Shareholders
Management Capabilities to Execute
Enhanced Size and Scale to Compete Globally
Access to Low Cost Debt Financing

5

2012e Copper Production

World Class Copper

Discoveries Are Extremely Rare

World Class Copper

Discoveries Are Extremely Rare

Recoverable Copper Reserves

Million metric tons

Thousand metric tons

Source: Brook Hunt

e=estimate

0
200
400
600
800
1000
1200
Escondida - 1979
Chuquicamata - 1910
Antamina - 1996
El Teniente - 1910
Los Pelambres - 1996
Los Bronces - 1867
Collahuasi - 1979
Norilsk - 1935
Grasberg Complex - 1988
Morenci - 1870s
0
5
10
15
20
25
30
Grasberg Complex -
1988
KGHM Polish Copper -
1957
Escondida -
1979
Cananea -
1926
Collahuasi -
1979
Andina -
1865
El Teniente -
1910
Chuquicamata -
1910
Oyu Tolgoi -
2001
Cerro Verde -
1860s

Positive Exploration Results

Big Mines Get Bigger

Mines with Potential Capacity for
1 billion lbs of copper per annum*

Morenci

Morenci

Grasberg

Grasberg
Tenke
Fungurume
Tenke
Fungurume
Cerro Verde
Cerro Verde
El Abra
El Abra
*

Grasberg currently producing over 1 bln lbs/annum, Morenci (100%) & Cerro Verde in development to produce 1 bln lbs/annum and El Abra & Tenke have potential to produce 1 bln lbs/annum *

Grasberg currently producing over 1 bln lbs/annum, Morenci (100%) & Cerro Verde in development to produce 1 bln lbs/annum and El Abra & Tenke have potential to produce 1 bln lbs/annum 6
Attractive Portfolio of
Brownfield Copper Expansions

Attractive Portfolio of
Brownfield Copper Expansions

575 MMBOE

California

38%

California

38%

4%

4%

Eagle Ford

6%

6%

Haynesville

22%

Haynesville

22%

Other

Deepwater

GOM

25%

Deepwater

GOM

25%

5%

GOMS

half

Proved Reserves

(1)

Transaction Adds

High Quality U.S. Oil & Gas Portfolio

Transaction Adds

High Quality U.S. Oil & Gas Portfolio

7

(1)

PXP Reserves as of 12/31/11 except for reserves purchased in deepwater acquisitions which are as of 9/30/12; MMR reserves as of 9/30/12; and PXP reserves as of 9/30/12 in accordance with the following formula for 2H12 divestitures.

(2)

Based on pricing assumptions of \$100/bbl Oil (Brent) and \$4.50/MMbtu natural gas.

Natural Gas

Oil

e = estimate. See Cautionary Statement.

Strong Margins and Cash Flows to Fund Growth

O&G EBITDA Margins of ~75%

(2)

CAPEX Targeted to be Self-funded

Enhanced Geographic &
Commodity Diversification

8

2013e EBITDA

(1)

North

America

North

America

Indonesia

Indonesia
31%
31%
29%
29%
South
America
29%
Africa
11%
11%
Mining
100%
Mining
100%
Oil & Gas
26%
Oil & Gas
26%
Mining
74%
Mining
74%
North
America
North
America
Indonesia
Indonesia
23%
23%
48%
48%
South
America
21%
Africa
8%
8%
Existing
(1)
Based
on
pricing
assumptions
of
\$3.50/lb
Cu,
\$1,500/oz
Au,

\$12/lb
Mo,
\$100/bbl
Oil
(Brent)
and
\$4.50/MMbtu
natural
gas.
Pro forma
e
=
estimate.
See
Cautionary
Statement.

Enhanced Exploration Leverage
with Multiple Near-term Catalysts
Enhanced Exploration Leverage
with Multiple Near-term Catalysts
9
Near-term Net Potential
of 995 MMBOE

Phobos (~300 MMBOE)
Spud in 4Q12

On Lease Exploration
from BP: 300+ MMBOE

Each 100 MM Barrels =
PV-10 of ~\$2.5 Billion
Pre-tax
(1)
3 Wells Drilling
Recent Positive Results on
Lineham Creek Onshore
High Potential Prospect
Inventory
~50 Tcfe of Net Potential,
Including ~30 Tcfe from
Near-term Prospects
Each 2 Tcfe Net = PV-10 of
~\$2.5

Billion

Pre-tax

(2)

Eagle Ford
71 MMBOE

Haynesville

~1 Tcfe

California

+100 MMBOE

Deepwater GOM

Shallow Water Ultra-Deep

Onshore U.S.

(1)

Based on \$100.00/bbl LLS oil

(2)

Based on \$4.50/MMbtu natural gas

Grasberg
Development & Expansion
Grasberg
Development & Expansion
The discovery of Grasberg in 1988 transformed
PT-FI into one of the world's largest operations
Mill Rate

10
March 1988
\$1.07
\$444
1989
1997
\$1.09
\$369
1998
2004
\$0.84
\$315
2005
2012
\$3.06
\$1,008
Copper (\$/lb)
Gold (\$/oz)
Grasberg
Discovered
Expansion
Expansion
Expansion
Expansion
0
50
100
150
200
250

Gross Unrisked Potential*:

Shelf Prospects: ~100 Tcfe; Onshore Prospects: ~30 Tcfe

11

MMR s Ultra-Deep Play

Grasberg of the Gulf of Mexico?

MMR s Ultra-Deep Play

Grasberg of the Gulf of Mexico?

BONNET

ENGLAND

DRAKE

HOOK

CAPTAIN BLOOD

BARATARIA

CALICO JACK

DAVY JONES

BLACKBEARD EAST

BLACKBEARD WEST

(#2 in progress)

MMR Wilcox/Cretaceous Play

MMR Miocene/Wilcox Play

MMR Oligocene/Frio Play

BARBOSA

MORGAN

QUEEN ANNE S

REVENGE

LAFITTE

LINEHAM CREEK

(in progress)

HIGHLANDER

(in progress)

ONSHORE

PROSPECT B

Ultra-Deep Prospects

Ultra-Deep Discoveries

McMoRan Acreage

Onshore Ultra-Deep

Prospects

DAVY JONES

WEST

MMR's WI & NRI will vary on a per prospect basis based on unitization and parties' participation.

NOTE: We use certain phrases and terms in this presentation, such as "gross unrisked potential" and "reserve potential" which prohibit us from including in filings with the SEC. See Cautionary Statement.

Energy
A Significant
Component of Mining Cost
2012e
Materials
Materials
Energy
Energy
Manpower
Manpower
Other
Acid
30%
30%
21%

21%

30%

30%

13%

6%

Site Operating Costs by Category

(Consolidated)

2012e

Diesel

255 mm gallons

Diesel

255 mm gallons

Coal: 700k mt

&

Natural Gas:

1MMBTU

Purchased

Power

6,900 GWh

Purchased

Power

6,900 GWh

36%

36%

6%

6%

58%

58%

Components of Energy

(Total of \$1.6 Billion)

12

e = estimate. See Cautionary Statement.

Proven Management Team

Proven Management Team

Complementary Management Teams with Substantial Experience and Track

Record of Success in Mining and Oil & Gas Exploration and Development

Global Industry Leading Capabilities:

-

Operational Excellence

-

Major Project Development

-

Technological Innovation

-

Exploration/Engineering

-

Prudent Environmental Management

History of Prudent Financial Management and Execution in Varying
Market Environments

13

Established Track Record of Capital Discipline and
Focus on Value Creation for Shareholders

Phelps Dodge Case Study
Highly Successful Transformational Transaction
Phelps Dodge Case Study
Highly Successful Transformational Transaction
14
\$17.6
\$7.2
\$3.5
\$0
\$5
\$10
\$15
\$20
Rapid Delevering
Consolidated Cash
\$3.4
\$1.6

\$3.7
Net Debt/(Cash)
\$14.2
\$5.6
\$(0.2)
At Time of PD
Acquisition in
March 2007
9/30/12
(\$ in bns)
Debt
*

Based on estimated proven & probable reserve additions as of 12/31/11 before production.
December
2007
Asset & Geographic
Diversification
Significant Reserve Additions

+46 billion lbs Cu*
Developed World-Class Copper
Portfolio

Recognized Industry Leader

Strong Current Production with
Substantial Growth Profile

Large Resource Position
Successful Integration
Effective Management During
2008/09 Economic Crisis

\$91
\$69
\$57
\$52
\$44
\$40
\$31
\$29
\$0
\$25
\$50
\$75

\$100
\$125
\$150
XOM
CVX
COP
OXY
PF
FCX
APC
APA
EOG
CHK
MRO
(\$Bn)
Pro
forma
FCX
will
be
the
5
th
largest
U.S.
domiciled
natural
resource
company
and
the
5
th
largest
global
mining
company
by
enterprise
value
Source: Company filings, FactSet. Market data as of 1/7/2013.
* Includes U.S.-based E&P, mining and coal companies, including integrated companies. Midstream and downstream companies
** Excludes precious metal companies
\$405
\$209
\$138
\$127
\$122
\$57
\$55

\$35
\$26
\$21
\$21
\$0
\$25
\$50
\$75
\$100
\$125
\$150
BHP
RIO
VALE
GLEN/
XTA
PF
FCX
AAL
SCCO
TCK
AA
ANTO
(\$Bn)
\$223
Top US Domiciled Resource Companies*
Top US Domiciled Resource Companies*
Top Global Mining Companies**
Top Global Mining Companies**
A Premier U.S. Based
Natural Resource Company
A Premier U.S. Based
Natural Resource Company
15

Pro Forma
Review

Grasberg (90.64%)

Reserves

Cu

31.6 bn lbs

Au

32.2 mm ozs

Sales

Cu
 1.1 bn lbs
 Au
 1.3 mm ozs
 Reserves
 Cu
 40.6 bn lbs
 Mo
 2.71 bn lbs
 Oil & Gas
 575 mm bbls
 Sales
 Cu
 1.45 bn lbs
 Mo
 90 mm lbs³
 Oil & Gas
 175 MBOE/d
 FCX s Global Footprint
 FCX s Global Footprint
 Copper
 Copper/Gold/Silver
 Molybdenum
 Cobalt
 Oil/Natural Gas
 Reserves
 Cu
 8.4 bn lbs
 Co
 0.86 bn lbs
 Sales
 Cu
 400 mm lbs
 Co
 30+ mm lbs
 Tenke (56.0%)
 Tenke (56.0%)
 South America
 4
 South America
 4
 Reserves
 Cu
 39.1 bn lbs
 Au
 1.3 mm ozs
 Mo
 0.71 bn lbs
 Sales
 Cu

1.35 bn lbs

Au

0.1 mm ozs

17

Note:

FCX

consolidated

reserves

and

annual

sales;

reserves

as

of

December

31,

2011.

Sales

figures

are

based

on

2013e.

1

Cu operations: Morenci (85%), Sierrita (100%), Bagdad (100%), Tyrone (100%), Safford (100%), Miami (100%) and Chino (

Oil & Gas operations: onshore/offshore CA, Madden, Eagle Ford, Haynesville, GOM shelf & Deepwater

2

PXP Reserves as of 12/31/11 except for reserves purchased in deepwater acquisitions which are as of 9/30/12; MMR reserves .

3

Includes moly sales from South America

4

Cu operations: Candelaria/Ojos del Salado (80%), Cerro Verde (53.6%) and El Abra (51%)

Major Operations & Development Projects

All major mining assets majority-controlled and operated

Major Operations & Development Projects

All major mining assets majority-controlled and operated

North America

1

North America

1

e = estimate. See Cautionary Statement.

2

Reserves
(a)
(recoverable copper)
Reserves
(a)
&
Mineralized
Material
(b)
at \$2.00 Cu price
(billion lbs of copper)
at \$2.20 Cu price
Reserves
Mineralized
Material
(b)
(contained copper)

115

billion

lbs

Combined Reserves and Resources

Combined Reserves and Resources

18

2P Reserves

(c)

Reserves &

Resource Potential

Proved: 575

~7,900

923

(million barrels of oil

equivalents)

Probable: 348

Possible: 658

Near-term

Potential: ~6,300

120

235

(a) Estimated recoverable proven and probable copper reserves as of 12/31/11 using a long-term average copper price of \$2.00/lb. FCX's interest.

(b) Estimated consolidated contained copper resources as of 12/31/11 using a long-term copper price of \$2.20/lb. **Mineralized** reserves and will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. According to the assurance can be given that the estimated mineralized material will become proven and probable reserves. See Cautionary Statement.

(c)

Includes PXP reserves as of 12/31/11 except for reserves purchased in deepwater acquisitions which are as of 9/30/12 and MM's 2012 pro forma for 2H12 divestitures. Excludes results from GOM shelf ultra-deep activities.

19

19

North America*

*

excludes restarts currently in progress; incremental copper per annum

**

PT-FI s share, average per annum

*

excludes restarts currently in progress; incremental copper per annum

**

PT-FI s share, average per annum

19

Highly Attractive Brownfield

Copper Development Projects

Highly Attractive Brownfield

Copper Development Projects

South America*

South America*

Tenke

Fungurume

Grasberg

Grasberg

150mm lbs Cu/yr oxide

expansion nearing completion

Potential sulfide expansions

Morenci Expansion

(225 mm lbs Cu) under way

Potential sulfide expansions

(~800 mm lbs Cu)

Mill Expansions

(t/d)

Cerro Verde (360K)

600

\$4.4

2016

Morenci (115K)

225

1.4

2014

Tenke (14K)

150

0.9

2013

TOTAL

975

\$6.7

Expansion Projects in Progress

Incr. Cu

(mm lbs/yr)

Capital*

(\$ blns)

Achieve

Full Rates

* excludes capitalized interest

Cerro Verde Expansion
(600 mm lbs Cu) under way

Potential El Abra Mill
(600 mm lbs Cu)
Underground
development under
way
1.1 bln lbs Cu**
1.4 mm ozs Au**

20

Copper Sales (billion lbs)

Gold Sales (million ozs)

Diverse Production Profile
with Strong Growth

Diverse Production Profile
with Strong Growth

0

1

2

3

4
5
2012e
2013e
2014e
2015e

1.0
1.4
1.8
1.8
0

1
2
2012e
2013e
2014e
2015e

Molybdenum Sales (million lbs)

Note: Consolidated copper sales include approximately 705 mm lbs in 2012e, 800 mm lbs in 2013e, 770 mm lbs in 2014e and 875+ mm lbs in 2015e for noncontrolling interest; excludes purchased copper.

* Includes Cerro Verde expansion (2016 full rates) & Morenci mill expansion, targeted for 2014.

e = estimate. See Cautionary Statement.

Includes Projects

Currently

Under Way*

3.6
5.0+
4.5
4.3

0
25
50
75
100

2012e
2013e
2014e
2015e

Oil & Gas Sales (MMBOE)

Note: Consolidated

gold
sales
include
approximately
105k
ozs
in
2012e,

140k
ozs
in
2013e,
180k ozs in 2014e and 175k ozs in 2015e for noncontrolling interest.

Note: 2012e includes sales from GOM acquisition beginning on December 1, 2012. Oil & Gas sales estimates include approximately 13.3 MMBOE in 2014e, and 22.6 MMBOE in 2015e from potential success from ultra-deep Shelf exploration and development.

Ultra-Deep

Expl./Dev.

Ultra-Deep

Expl./Dev.

46

64

78

94

82

90

90

100

0

25

50

75

100

2012e

2013e

2014e

2015e

2013e

2014e

2015e

\$0

\$5

\$10

\$15

\$20

\$25

\$3.00

\$3.50

\$4.00

FCX Pro forma EBITDA, Cash Flows &

Capital Expenditures

FCX Pro forma EBITDA, Cash Flows &

Capital Expenditures

21

\$3.00

\$3.50

\$4.00

Operating Cash Flow*

EBITDA

CAPEX

Copper Prices

\$1,500 Au/\$12 Mo/\$100 Oil/\$4.50 Gas**

Copper Prices

\$1,500 Au/\$12 Mo/\$100 Oil/\$4.50 Gas**

* Excludes working capital changes

** See impacts of prices changes for gold, molybdenum, oil and gas on slide 32.

2015/

2016

Avg.

2013/

2014

Avg.

(Brent)

(Brent)

2015/

2016

Avg.

2013/

2014

Avg.

Mining

65%

O&G

35%

60%

40%

48%

52%

~45%

Increase

~45%

Increase

22

Focused and Disciplined

Capital Allocation Philosophy

Focused and Disciplined

Capital Allocation Philosophy

Maintain Strong Balance Sheet & Credit Profile

Allocate Capital to

Low Cost, Long-lived,

Expandable Assets

Focus on
Largest
Resources
Ensure
Potential
is Well
Understood
Establish Short,
Medium and Long
Term Potential for
Primary Assets
Quantify Risks
Technical, Political,
Social, Economic,
Market
Rigorous Economic
Analysis Under
Range of Assumptions
Protect Downside,
Leverage to Upside
Prioritize & Rank
Opportunities
Highest
Returns/NPV
per \$
Invested
Manageable
Risks
Overall Portfolio
Balance/Strategic Fit
Limit Number of
Projects
Focused
Management Attention
Repay
Debt
Return Excess Capital to
Shareholders

23
Capital Expenditures
(1)
Capital Expenditures
(1)
(US\$ billions)
Other Mining
Major Mining Projects
Oil & Gas
3.0
1.6
1.4
1.0
2.5

3.0

2.0

3.3

2.9

\$0

\$2

\$4

\$6

\$8

2013e

2014e

2015e

(1)

Capital expenditure estimates include projects in progress. Project spending will continue to be reviewed and revised subject to

(2) Primarily includes Cerro Verde expansion, Morenci mill expansion and Grasberg underground development.

Note: Includes capitalized interest.

e= estimate. See Cautionary Statement.

\$7.1

\$7.3

\$6.3

(2)

(2)

Oil & Gas Cash Flows
Targeted to be Self-funding
Oil & Gas Cash Flows
Targeted to be Self-funding
24
\$0.0
\$1.0
\$2.0
\$3.0
\$4.0
2013e
2014e
2015e
Operating Cash Flow

CAPEX

NOTE: Assumes pricing of \$100/bbl Brent crude for oil and \$4.50/MMbtu for natural gas

e= estimate. See Cautionary Statement.

(US\$ billions)

\$16.3

\$7.7

\$2.0

(\$3.5)

-\$5

\$0

\$5

\$10

\$15

\$20

Significant Debt Reduction

Significant Debt Reduction

Year-End Net Debt at Varying Copper Prices

Pro Forma YE 2016e

(US\$ billions)

e= estimate. See Cautionary Statement.

13- 16 Avg. Copper Price

Net Debt/ 13- 16 Avg. EBITDA

\$3.00

0.6x

\$3.50

0.1x

\$4.00

N/A

9/30/12

Pro Forma

25

Note: Sensitivity assumes \$12 Molybdenum, \$1,500 Gold, \$100 Oil and \$4.50 Natural Gas; EBITDA equals operating income and amortization

26

Maintain Strong Balance Sheet & Liquidity Position

Reduce Debt Incurred in Acquisitions Using Substantial Cash Flows
Generated from Combined Business

Invest in Projects with Strong Financial Returns/Capital Discipline

Anticipate Continuing Current Common Stock Dividend Rate:

\$1.25/Share per Annum

Board to Review Financial Policy on an Ongoing Basis

Committed to Long-standing Tradition of Maximizing Value for
Shareholders

Financial Policy

Financial Policy

Reference
Slides

Transaction Summary

Price

FCX to acquire PXP for: 0.6531 shares of
FCX common stock and \$25.00 in cash,
equivalent to total consideration of
\$50.00 per PXP share based on FCX
closing price on December 4, 2012

FCX to acquire MMR for: \$14.75 cash
plus 1.15 Ultra-Deep Royalty Trust

Units per MMR share

Premium

39% to PXP's closing price on

December 4, 2012

Cash portion represents 74% to MMR's

closing price on December 4, 2012

Structure

50% stock / 50% cash

\$3.4 billion cash; 91 million new FCX

common shares

100% cash plus Ultra-Deep Royalty

Trust Units

(2)

Transaction Value

\$17.2 billion (includes assumed debt)

\$2.4 billion (includes assumed debt)

Key Conditions

Shareholders

approval

Customary regulatory approvals and

conditions

Shareholders

approval

Customary regulatory approvals and

conditions

Timing

Closing expected in 2Q 2013

FCX Pro Forma

Enterprise Value: \$60 billion

1,041 million shares outstanding

Total Debt of \$20.0 billion

(1) Prior to the transaction, FCX and PXP collectively own 36% of MMR

(2) Creation of Royalty Trust provides MMR shareholders 5% ORRI for continued participation in potential shallow water, ult

28

PXP

PXP

MMR

MMR

(1)

(1)

(1)
Includes ~ 7 MMcfe/d of natural gas
(2)
Includes ~ 4 MBOE/d of NGLs
(3)
Includes ~ 6 MBOE/d of NGLs
2013e Oil & Gas
Operating Estimates
2013e Oil & Gas
Operating Estimates
29

NOTE: e = estimate. See Cautionary Statement.

Oil

MBOE/D

40

(1)

California

Haynesville/

Rocky Mtns/Other

127

GOM

Eagle Ford

31

(2)

36

56

(3)

125

2013e Oil & Gas Sales by Region

2013e Oil & Gas Sales by Region

Operating Cost: \$27/bbl

Pricing: Brent Based

Operating Cost: \$15/bbl

Pricing: LLS

Operating Cost: \$10/bbl

Pricing: LLS/NYMEX

Operating Cost: \$1.65/Mcfe

Pricing: NYMEX

Gas

MMcfe/d

Rocky Mtns. &

Haynesville

Rocky Mtns. &

Haynesville

California

California

Eagle Ford

Eagle Ford

Gulf of Mexico Shelf/

Deepwater

Gulf of Mexico Shelf/

Deepwater

Oil & Natural Gas Hedging Positions

30

Oil Indexed to Brent

Swaps

Swaps

Puts

Collars

15%

Unhedged

Puts

15%

Unhedged

Puts

84k bbls/d
 \$90 floor
 \$70 limit
 \$6.90 ADP
 43%
 Unhedged
 Natural Gas Indexed to Henry Hub
 2013
 2014
 2015
 Swaps
 100/d @ \$4.09
 117k bbls/d*
 129k bbls/d*
 147k bbls/d*
 2013
 2014
 2015
 40k bbls/d
 @ \$109.23
 40k bbls/d
 @ \$109.23
 30k bbls/d
 \$95 floor
 \$75 limit
 \$6.09 ADP
 75k bbls/d
 \$90 floor
 \$70 limit
 \$5.74 ADP
 5k bbls/d
 \$100 floor
 \$80 limit
 \$7.11 ADP
 25k bbls/d
 \$100 floor
 \$80 limit
 \$124 Ceiling
 5k bbls/d
 \$90 floor
 \$70 limit
 \$126 Ceiling
 13k bbls/d
 \$100 floor
 \$80 limit
 \$6.80 ADP
 17k bbls/d
 \$90 floor
 \$70 limit
 \$6.25 ADP

Swaps

110/d @ \$4.27

No Hedges

NOTE: As of October 19, 2012; ADP = average deferred premium.

* Estimated annual production for MMR & PXP. See Cautionary Statement.