

*2<sup>nd</sup> Quarter 2012*  
*Earnings Conference Call*

*July 19, 2012*

# Cautionary Statement

*This presentation contains forward-looking statements in which we discuss factors we believe may affect our potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as statements regarding projected ore grades and milling rates, projected production and sales volumes, projected unit net cash costs, projected operating cash flows, projected capital expenditures, the impact of copper, gold, molybdenum and cobalt price changes, reserve estimates, exploration efforts and results, mine production and development plans, the impact of deferred intercompany profits on earnings, liquidity, other financial commitments and tax rates, projected EBITDA, future dividend payments and potential share purchases. The words “anticipates,” “may,” “can,” “plans,” “believes,” “estimates,” “expects,” “projects,” “intends,” “likely,” “will,” “should,” “to be” and any similar expressions are intended to identify those assertions as forward-looking statements. The declaration of dividends is at the discretion of our Board of Directors (the Board) and will depend on our financial results, cash requirements, future prospects, and other factors deemed relevant by the Board. This presentation also includes forward-looking statements regarding mineralized material not included in reserves. The mineralized material described in this presentation will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance can be given that the estimated mineralized material not included in reserves will become proven and probable reserves.*

*We caution readers that forward-looking statements are not guarantees of future performance and our actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from results anticipated in the forward-looking statements include commodity prices, mine sequencing, production rates, industry risks, regulatory changes, political risks, the outcome of ongoing discussions with the Indonesian government, potential effects of violence in Indonesia, the resolution of administrative disputes in the Democratic Republic of Congo, weather- and climate-related risks, labor relations, environmental risks, litigation results, currency translation risks and other factors described in more detail under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the U.S. Securities and Exchange Commission (SEC) as updated by our subsequent filings with the SEC.*

*Investors are cautioned that many of the assumptions on which our forward-looking statements are based are likely to change after our forward-looking statements are made, including for example commodity prices, which we cannot control, and production volumes and costs, some aspects of which we may or may not be able to control. Further, we may make changes to our business plans that could or will affect our results. We caution investors that we do not intend to update our forward-looking statements more frequently than quarterly, notwithstanding any changes in our assumptions, changes in our business plans, our actual experience, or other changes, and we undertake no obligation to update any forward-looking statements.*

*This presentation also contains certain financial measures such as unit net cash costs per pound of copper and per pound of molybdenum. As required by SEC Regulation G, reconciliations of these measures to amounts reported in our consolidated financial statements are in the supplemental schedule, “Product Revenues and Production Costs,” beginning on page VII, which is available on our internet website [www.fcx.com](http://www.fcx.com).*

# *Highlights*



- **Solid Operating and Financial Performance**
- **Improving Productivity at Grasberg**
- **Advanced Brownfield Development Projects**
  - **Achieved First Copper at Tenke**
  - **Initiated Construction at Morenci**
  - **Cerro Verde Permitting Being Advanced**
- **Shipped First Molybdenum from Climax Mine Restart**
- **In May, Paid Increased Common Stock Dividend Under Recent Board Authorization of \$1.25 per annum**
- **Strong Balance Sheet: Cash of \$4.5 Billion Exceeds \$3.5 Billion in Debt**

# Financial Highlights

<i>Sales Data</i>	<i>2Q12</i>	<i>1H12</i>
<i>Copper</i>		
Consolidated Volumes (mm lbs)	927	1,754
Average Realization (per lb)	\$3.53	\$3.61
Site Production & Delivery Unit Costs (per lb)	\$2.01	\$1.98
Unit Net Cash Costs (per lb)	\$1.49	\$1.38
<i>Gold</i>		
Consolidated Volumes (000's ozs)	266	554
Average Realization (per oz)	\$1,588	\$1,639
<i>Molybdenum</i>		
Consolidated Volumes (mm lbs)	20	41
Average Realization (per lb)	\$15.44	\$15.39

## *Financial Results (in millions, except per share amounts)*

Revenues	\$4,475	\$9,080
Net Income Attributable to Common Stock <sup>(1)</sup>	\$710	\$1,474
Diluted Earnings Per Share <sup>(1)</sup>	\$0.74	\$1.55
Operating Cash Flows <sup>(2)</sup>	\$1,182	\$1,983
Capital Expenditures	\$840	\$1,547
Total Debt	\$3,523	\$3,523
Consolidated Cash	\$4,508	\$4,508

(1) Includes charges for adjustments to environmental obligations and related litigation reserves totaling \$53 mm (6¢/share) in 2Q12 and 1H12.

(2) Includes working capital uses and other tax payments of \$54 mm in 2Q12 and \$774 mm in 1H12.

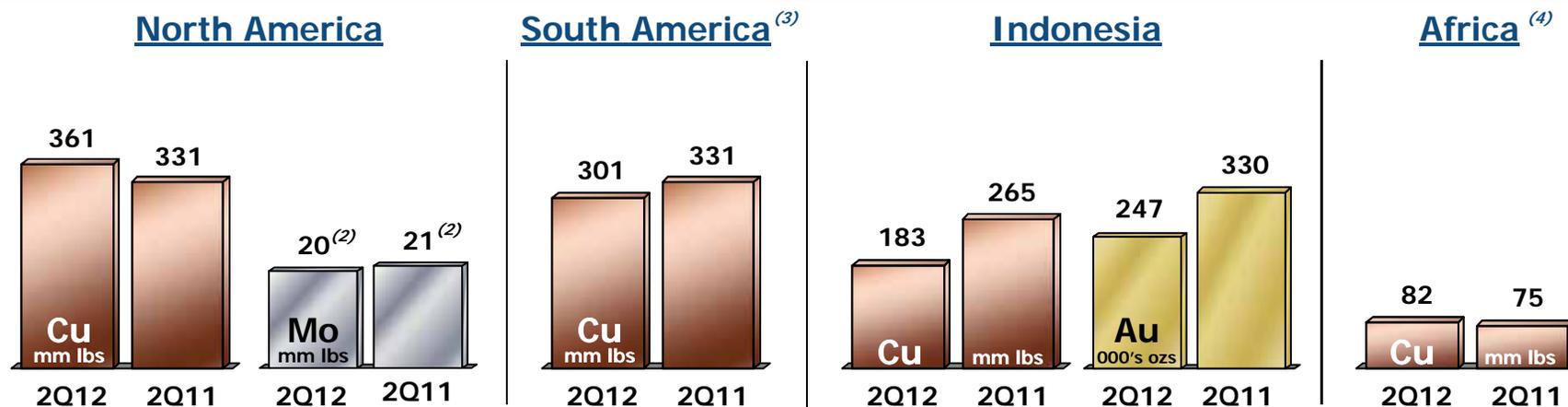
# Quarterly Operating Highlights

## 2012 Unit Production Costs

(per pound of copper)

	<u>North America</u>	<u>South America</u>	<u>Indonesia</u>	<u>Africa</u>	<u>Consolidated</u>
<b>Cash Unit Costs</b>					
Site Production & Delivery <sup>(1)</sup>	\$1.88	\$1.56	\$3.23	\$1.48	\$2.01
By-Product Credits	(0.36)	(0.23)	(2.20)	(0.33)	(0.68)
Treatment Charges	0.10	0.16	0.21	-	0.13
Royalties <sup>(1)</sup>	-	-	0.13	0.07	0.03
<b>Unit Net Cash Costs</b>	<u>\$1.62</u>	<u>\$1.49</u>	<u>\$1.37</u>	<u>\$1.22</u>	<u>\$1.49</u>

## Sales From Mines for 2012 & 2011 by Region



(1) Production costs include profit sharing in South America and severance taxes in North America.

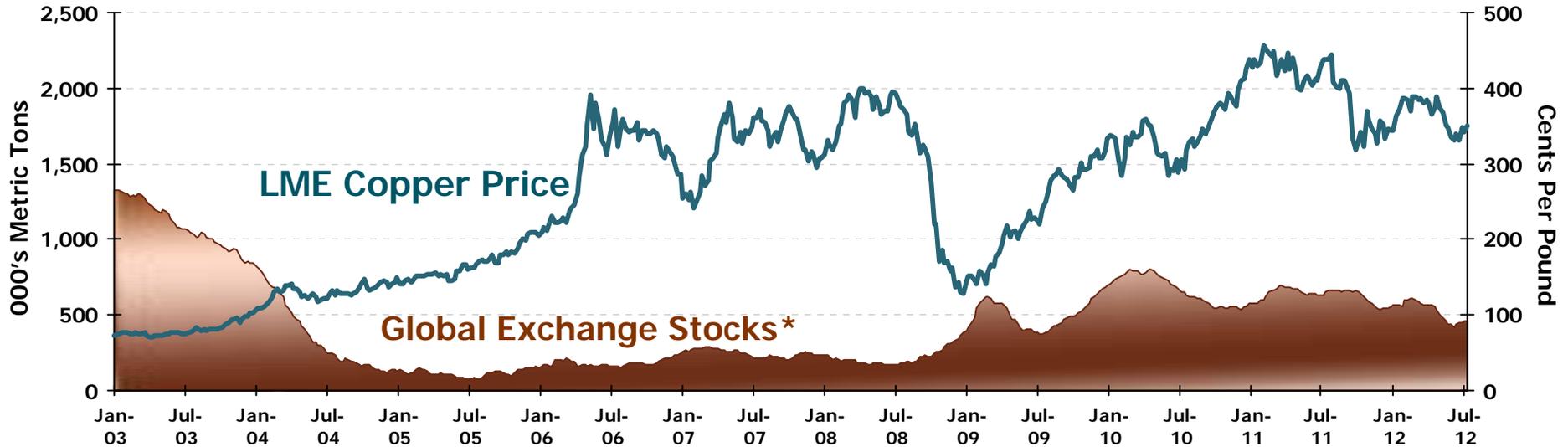
(2) Includes 2 mm lbs in 2012 and 3 mm lbs in 2011 from South America.

(3) Gold sales totaled 16k ozs in 2012 and 25k ozs in 2011. Silver sales totaled 712k ozs in 2012 and 766k ozs in 2011.

(4) Cobalt sales totaled 6 mm lbs in 2012 and 7 mm lbs in 2011.

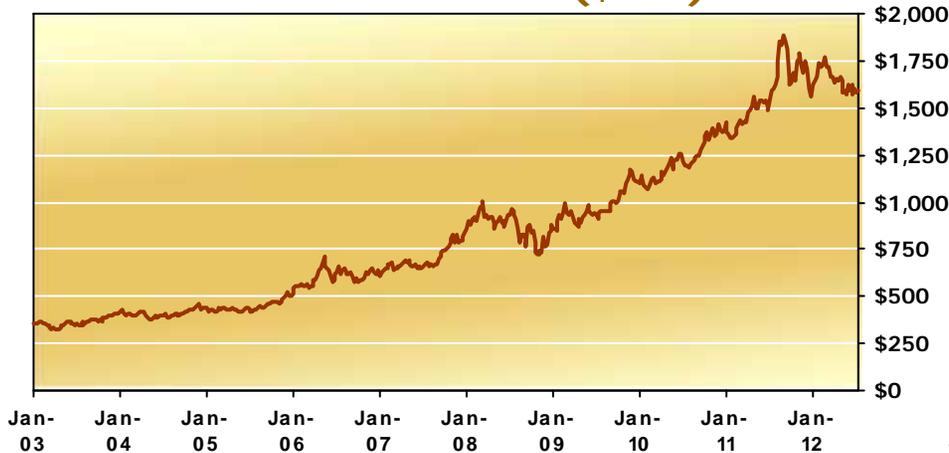
NOTE: For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to "Product Revenues and Production Costs" on FCX's website.

# Markets



\* Includes LME, Comex and Shanghai exchange inventories; excludes producer, consumer and merchant stocks.

## London Gold Price (\$/oz)



## Molybdenum Price\* (\$/lb)



\* Metals Week – Molybdenum Dealer Oxide Price

# *Copper Market Commentary*



- **China Remains Important Demand Driver**
- **Improving U.S. Copper Demand**
  - **Recent Auto and Housing Data Have Been Positive**
- **Weak European Demand**
- **Global Inventories Remain Relatively Low**
- **Ongoing Supply Challenges**

# Value Creation Focus



## FCX Copper Resources at 12/31/2011

Recoverable Reserves <sup>(a)</sup>	120 bn lbs
Mineralized Material (contained) <sup>(b)</sup>	<u>115 bn lbs</u>
Total Reserves <sup>(a)</sup> & Mineralized Material <sup>(b)</sup>	235 bn lbs

*(a) Estimated recoverable proven and probable copper reserves using a long-term average copper price of \$2.00/lb; 96 billion pounds net to FCX's interest.*

*(b) Estimated consolidated contained copper resources using a long-term copper price of \$2.20/lb. Mineralized Material is not included in reserves and will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance can be given that the estimated mineralized material will become proven and probable reserves. See Cautionary Statement.*

# *Climax Molybdenum Start-Up*

- **Start-up in March 2012**
- **First shipment of molybdenum in 2Q12**
- **Ramp up to 20mm lbs/yr during 2013**
- **Capacity to Increase to 30mm lbs/yr**
- **Production Dependent on Market Conditions**

\* ~\$735mm in costs incurred through 6/30/12; ~\$25mm in remaining plant & mine development costs and ~\$260mm for tailings dam & water treatment facilities (to be completed after start-up)



# Highly Attractive Brownfield Development Projects

## North America \*

- Morenci Expansion (225 mm lbs Cu) under way
- Potential sulfide expansions (~800 mm lbs Cu)



## South America \*

- Cerro Verde Expansion (600 mm lbs Cu) under way
- Potential El Abra Mill (600 mm lbs Cu)



## Tenke ★ Fungurume

- 150mm lbs Cu/yr oxide expansion under way
- Potential sulfide expansions



## Grasberg ★

- Underground development under way
- 1.1 bln lbs Cu\*\*  
1.4 mm ozs Au\*\*



## Expansion Projects in Progress

<u>Mill Expansions (t/d)</u>	<u>Incr. Cu (mm lbs/yr)</u>	<u>Capital* (\$ blns)</u>	<u>Achieve Full Rates</u>
Cerro Verde (360K)	600	\$4.0	2016
Morenci (115K)	225	1.4	2014
Tenke (14K)	150	0.9	2013
<b>TOTAL</b>	<b>975</b>	<b>\$6.3</b>	

\* excludes capitalized interest

\* excludes restarts currently in progress; incremental copper per annum

\*\* PT-FI's share, average per annum

# Development Opportunities

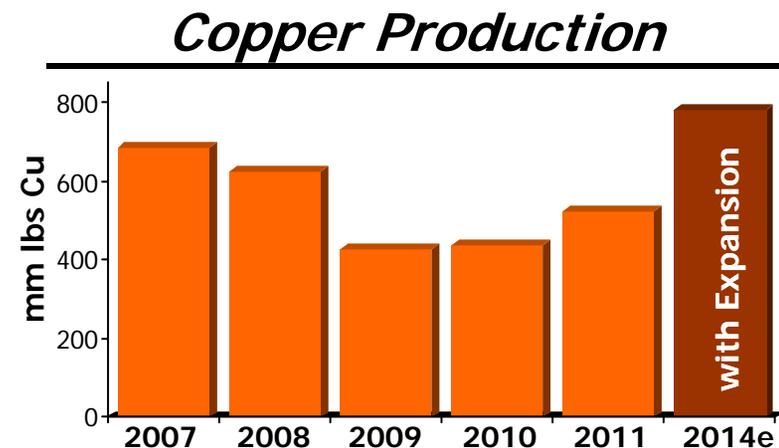
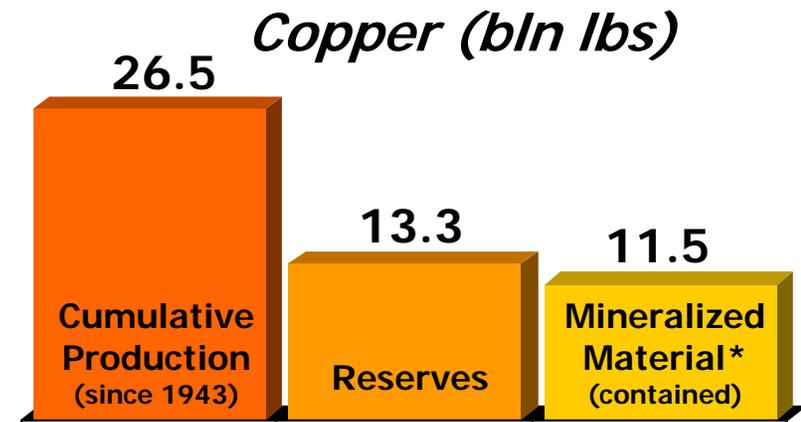
## Morenci Mill Expansion

### Key Project Metrics

- *Expand mill to 115K t/d*
- *Increase mining rate to 900K st/d (from 700K st/d)*
- *Capital costs: ~\$1.4 billion*
- *Incremental Production: 225mm lbs Cu/year*

- Completed Feasibility Study in 1Q12
- Receipt of Air Permit in 1Q12
- Progressing engineering & long-lead items
- Achieve full rates in 2014
- On-going exploration results continue to support potential for larger expansion

*Positive drilling results continue to expand potential milling sulfide resource in this multi-year program*



*NOTE: Amounts are net of Morenci's 15% JV partner's interest.*

*\* Estimated consolidated contained copper resources using a long-term copper price of \$2.20/lb. Mineralized Material is not included in reserves and will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance can be given that the estimated mineralized material will become proven and probable reserves. e= estimate. See Cautionary Statement.*

# Development Opportunities

## Cerro Verde Mill Expansion

### Key Project Metrics

- *Expand mill from 120K t/d to 360K t/d*
- *Increase mining rate from 320K t/d to 850K t/d*
- *Capital costs: ~\$4 billion*
- *Incremental Production: 600mm lbs Cu/year, 15mm lbs Mo/year*
- *Reserve Life: ~90 years current, ~30 years post expansion; additional exploration potential*

- Proven technology
- Waste water treatment plant positive for community
- EIS filed in 4Q11
- Recent government approval of new stability agreement beginning in 2014
- Construction to commence in 2013
- Completion expected in 2016

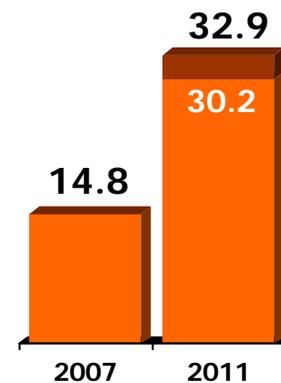
*e = estimate. See Cautionary Statement.*



### Cu Reserves

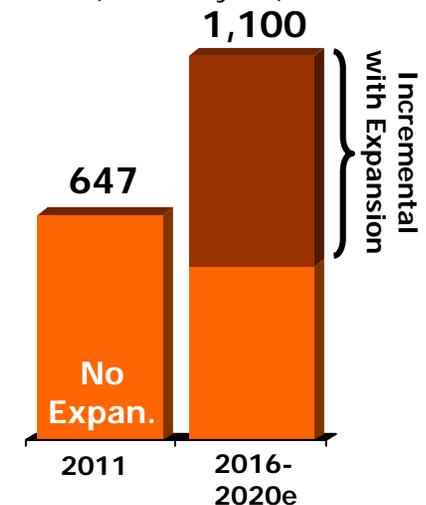
(bln lbs)

- 2008-2011 Production
- Year-end Reserves



### Cu Production

(mm lbs/year)



# *Development Opportunities*

## *Tenke Fungurume Expansion*

### **Key Project Metrics**

- *Expand mill to 14K t/d*
- *Increase mining rate from 60K t/d to 150K t/d*
- *Add tankhouse capacity*
- *Capital costs: \$850 million*
- *Incremental Production: 150mm lbs Cu/year*
- *Construction under way – targeted completion 2013*

**Exploration activities continue to support opportunities for future expansion**



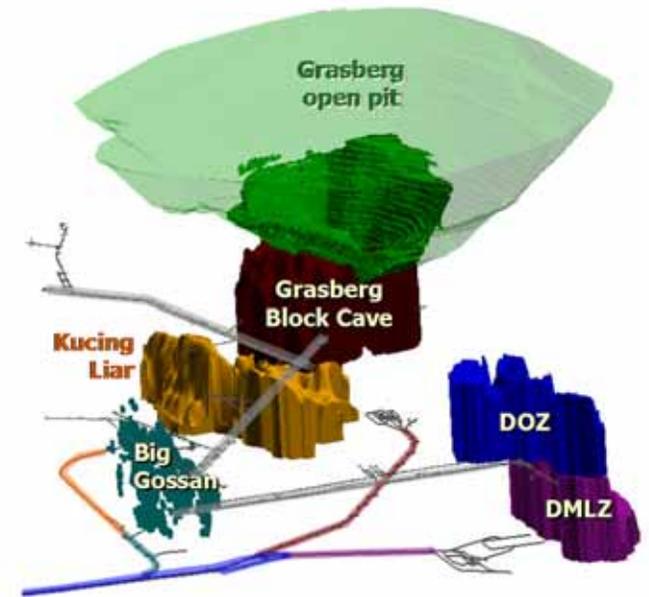
*Construction Progress*



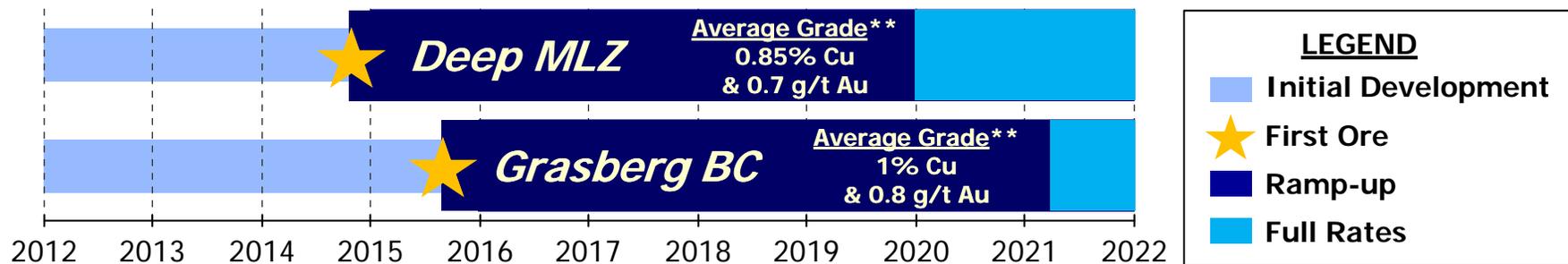
*First Copper in 2012*

# Grasberg BC & DMLZ Underground Mine Development

- Completed significant development on access to underground ore bodies
- Completed 60 km of development for Grasberg BC & 25 km for DMLZ
- Key development activities include work on ore flow systems & Grasberg BC shaft
- Development capital\* of \$6.4 bln for Grasberg BC & DMLZ (\$5.2 bln net to PT-FI) with \$1.1 bln spent to-date (\$0.9 bln net to PT-FI)
- PT-FI's share of UG development expected to average \$550mm/year over next five years
- Schedule



Common Infrastructure



\* Initial development capital spend through achievement of full rates

\*\* Ore grades in first 10 years expected to be higher than life of mine average; PT-FI's share of production expected to average 1.1 billion lbs Cu & 1.4 million ozs Au per annum between 2017-2021

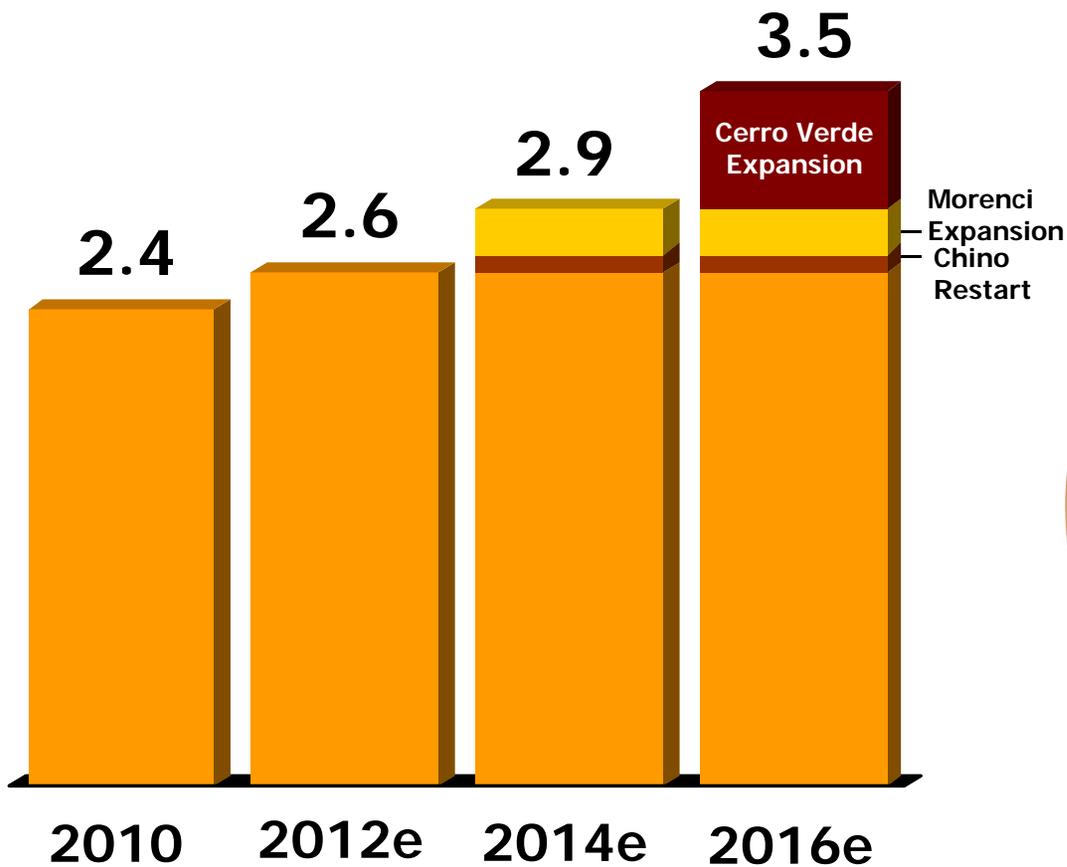
# *Update on Indonesia*

- **Productivity Improvements in 2Q 2012**
  - **Open Pit Mining Approaching Normal Levels**
  - **Continued Ramp-up of DOZ Underground Mine to Capacity of 80k t/d Expected by Year End**
  
- **Working Cooperatively with Government on Review of Contract of Work and Contract Extension from 2021 to 2041**

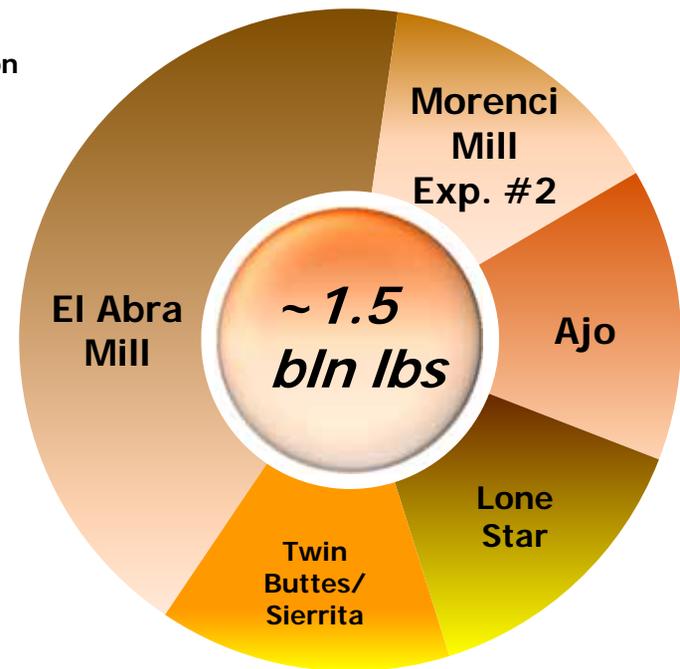
# Americas Growth Outlook

## Copper Production

*billion lbs per year*



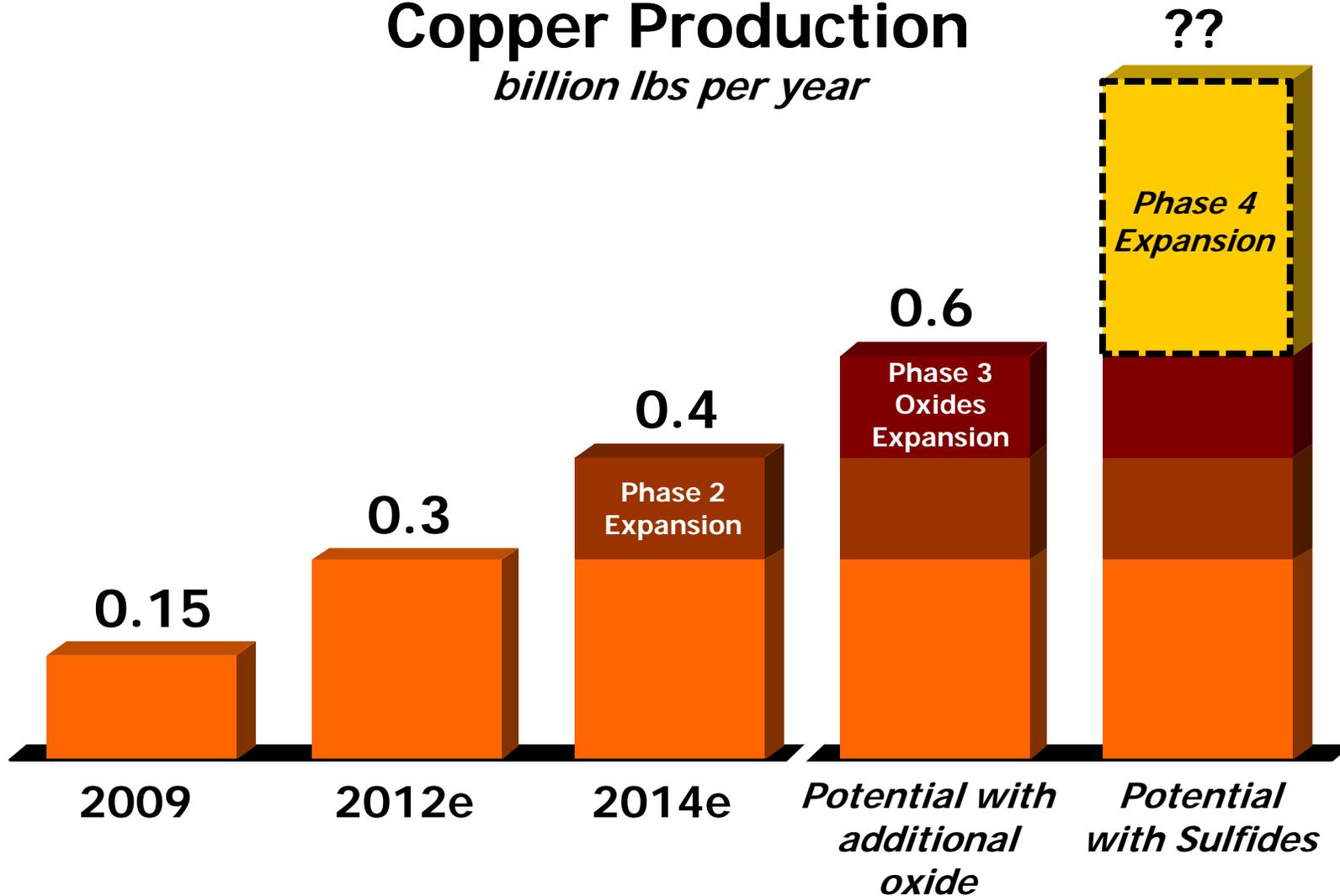
## Potential Projects under review



*e = estimate. See Cautionary Statement.*

# Africa Growth Outlook

## Copper Production *billion lbs per year*



*e = estimate. See Cautionary Statement.*

# Portfolio of World Scale Mines

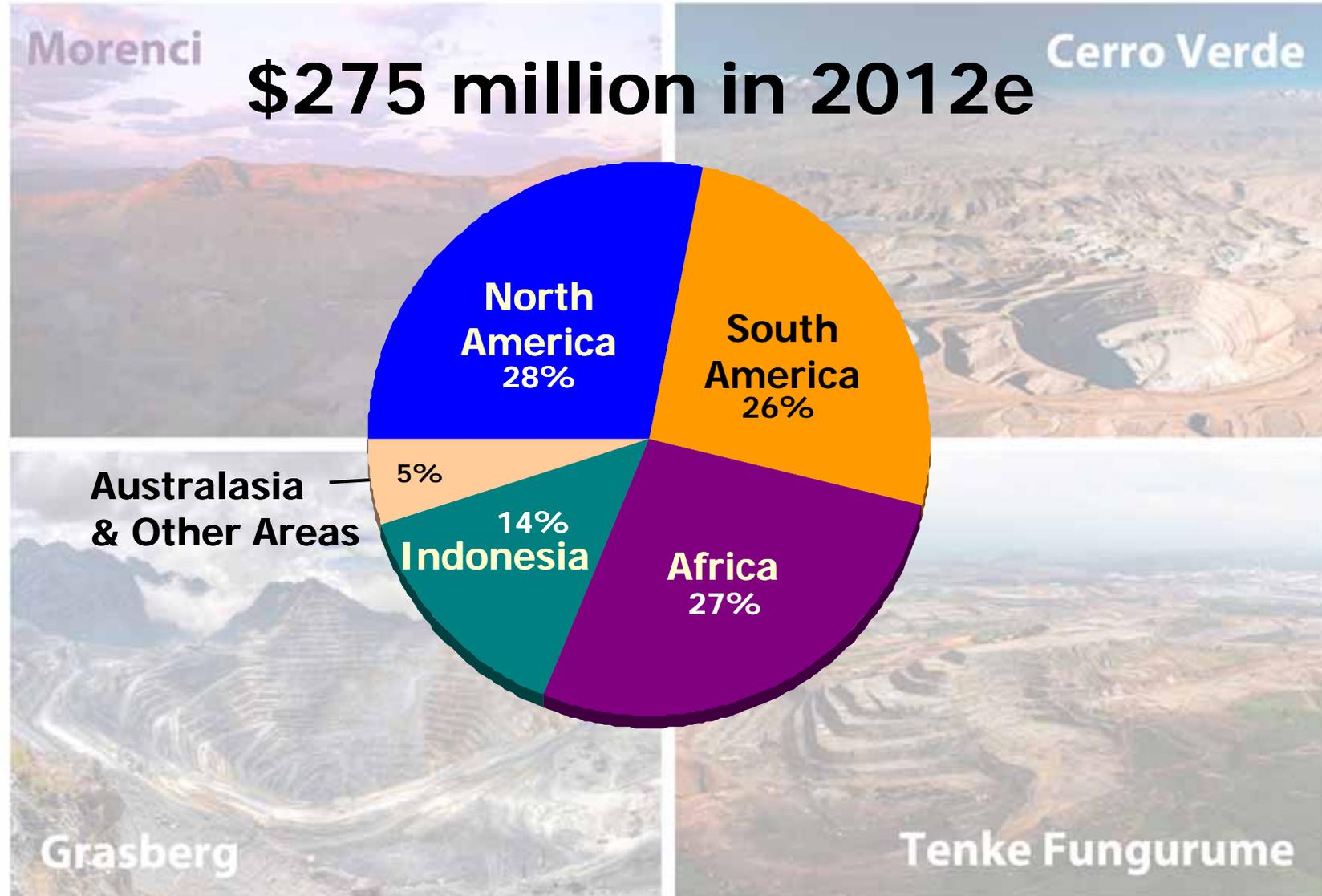
*Positive Exploration Results – “Big Mines Get Bigger”*

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



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

# Exploration Targets in Major Mineral Districts



Note: FCX's consolidated share; e = estimate. See Cautionary Statement.

# 2012 Outlook

- **Sales Outlook:**
  - **Copper: 3.6 Billion lbs.**
  - **Gold: 1.1 Million ozs.**
  - **Molybdenum: 81 Million lbs.**
  
- **Unit Net Cash Cost<sup>(1)</sup>:**
  - **\$1.47/lb in 2012e**
  - **Reflects Impact of Lower Volumes at Grasberg**
  - **Costs in Future Years Expected to Decline with Higher Volumes**
  
- **Operating Cash Flows<sup>(2)</sup>:**
  - **~\$4.0 Billion (@\$3.50/lb Copper)**
  - **Net of ~ \$1.2 Billion in Working Capital and Other Tax Payments**
  - **Each 10¢/lb Change in Copper in 2H12 = \$160 Million**
  
- **Capital Expenditures:**
  - **\$4.0 Billion (including \$2.5 Billion for Major Projects)**

*(1) Assumes average prices of \$1,600/oz gold and \$13/lb molybdenum for the remainder of 2012.*

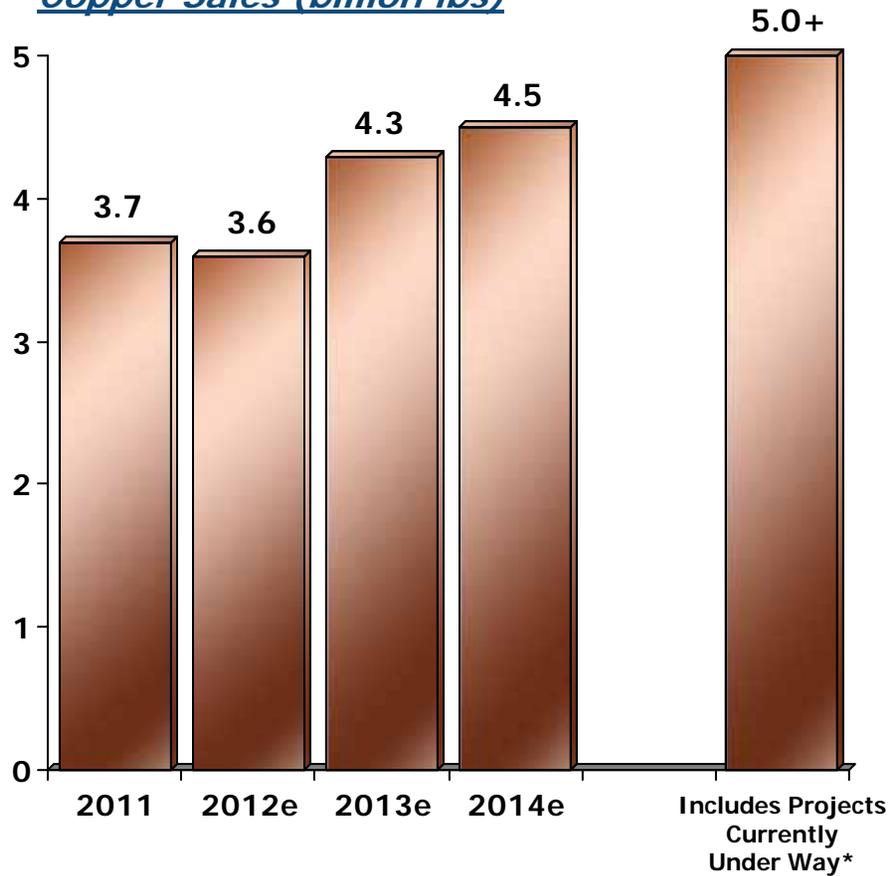
*(2) Assumes average prices of \$1,600/oz gold and \$13/lb molybdenum for the remainder of 2012; each \$50/oz change in gold would have an approximate \$25 MM impact, and each \$2.00/lb change in molybdenum would have an approximate \$40 MM impact.*

*e = estimate. See Cautionary Statement.*

# Near-Term Sales Profile



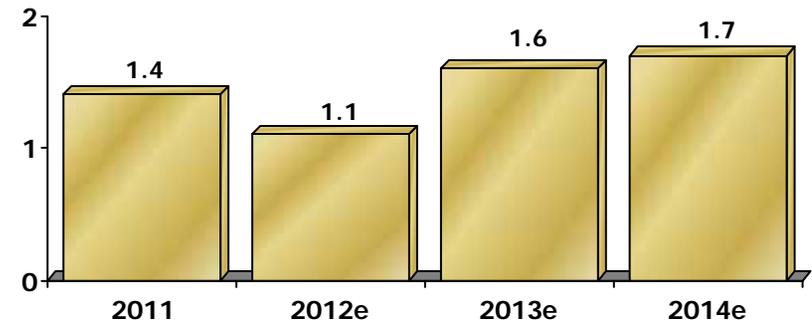
Copper Sales (billion lbs)



Note: Consolidated copper sales include approximately 717 mm lbs in 2011, 700 mm lbs in 2012e, 825 mm lbs in 2013e, and 775 mm lbs in 2014e for noncontrolling interest; excludes purchased copper.

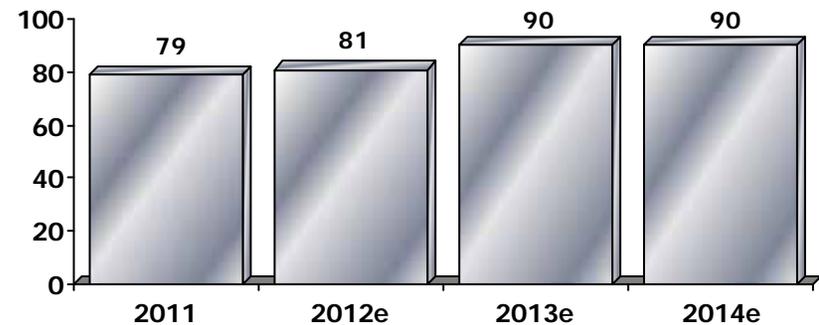
\* Includes Cerro Verde expansion (2016 full rates) & Morenci mill expansion, targeted for 2014.  
e = estimate. See Cautionary Statement.

Gold Sales (million ozs)



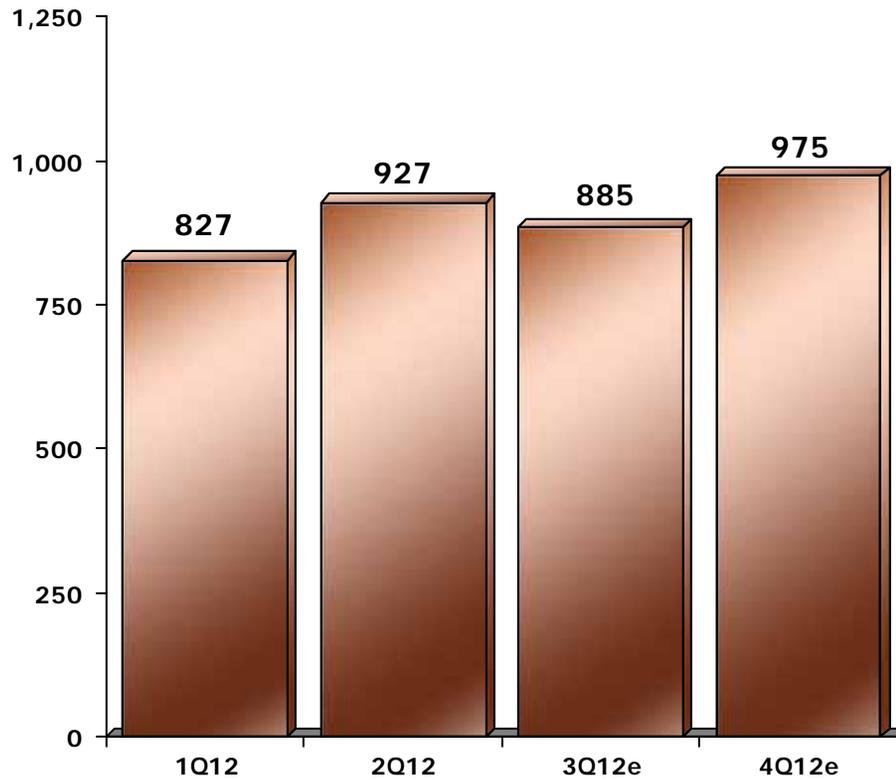
Note: Consolidated gold sales include approximately 139k ozs in 2011, 110k ozs in 2012e, 160k ozs in 2013e, and 170k ozs in 2014e for noncontrolling interest.

Molybdenum Sales (million lbs)



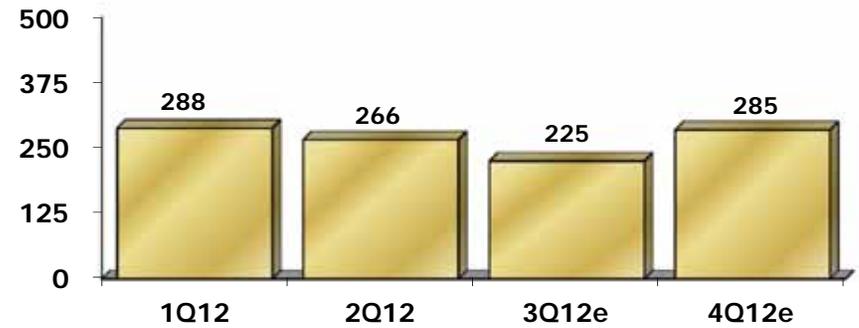
# 2012e Quarterly Payable Metal Sales

## Copper Sales (million lbs)



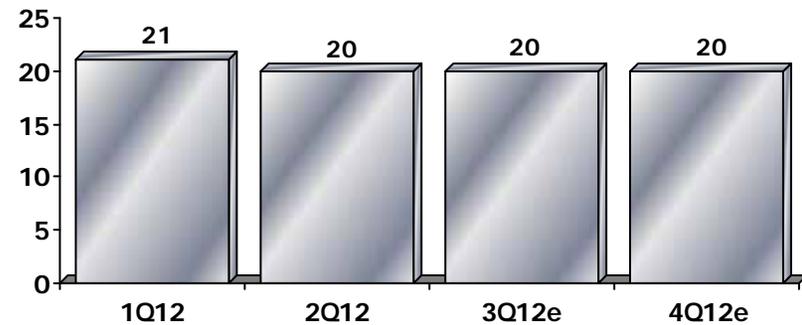
Note: Consolidated copper sales include approximately 158 mm lbs in 1Q12, 178 mm lbs in 2Q12, 169 mm lbs in 3Q12e and 195 mm lbs in 4Q12e for noncontrolling interest; excludes purchased copper.

## Gold Sales (thousand ozs)



Note: Consolidated gold sales include approximately 28k ozs in 1Q12, 27k ozs in 2Q12, 25k ozs in 3Q12e and 30k ozs in 4Q12e for noncontrolling interest.

## Molybdenum Sales (million lbs)



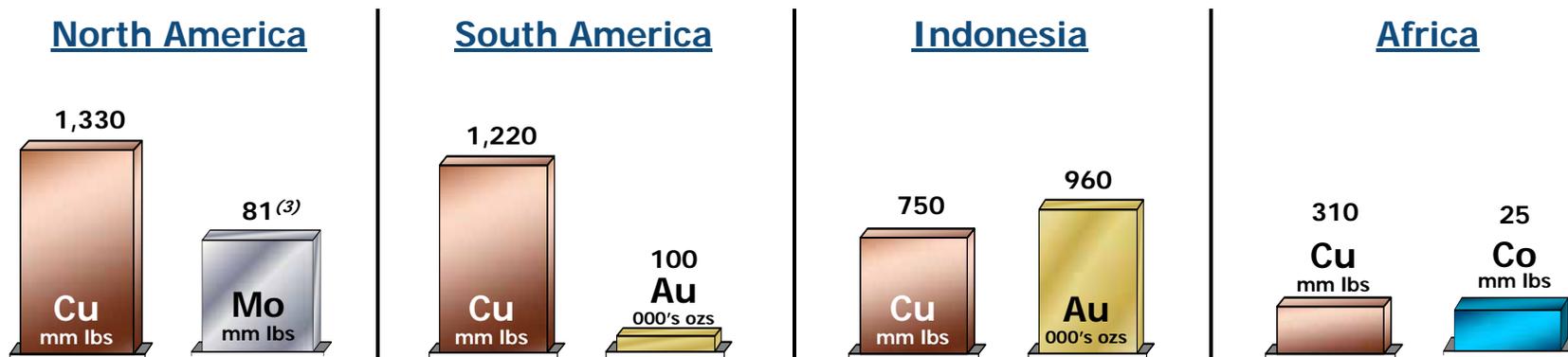
e = estimate. See Cautionary Statement.

# 2012 Operating Estimates

## 2012e Unit Production Costs

(per pound of copper)	<u>North America</u>	<u>South America</u>	<u>Indonesia</u>	<u>Africa</u>	<u>Consolidated</u>
<b>Cash Unit Costs <sup>(1)</sup></b>					
Site Production & Delivery <sup>(2)</sup>	\$1.89	\$1.60	\$3.04	\$1.47	\$2.00
By-product Credits	(0.35)	(0.28)	(2.14)	(0.38)	(0.70)
Treatment Charges	0.11	0.16	0.21	-	0.14
Royalties <sup>(2)</sup>	-	-	0.13	0.07	0.03
<b>Unit Net Cash Costs</b>	<u>\$1.65</u>	<u>\$1.48</u>	<u>\$1.24</u>	<u>\$1.16</u>	<u>\$1.47</u>

## 2012e Sales From Mines by Region



(1) Estimates assume average prices of \$3.50/lb for copper, \$1,600/oz for gold, \$13/lb for molybdenum and \$12/lb for cobalt for the remaining six months of 2012. Quarterly unit costs will vary significantly with quarterly metal sales volumes. Unit net cash costs for 2012 would change by ~\$0.01/lb for each \$50/oz change in gold and ~\$0.01 for each \$2/lb change in molybdenum.

(2) Production costs include profit sharing in South America and severance taxes in North America.

(3) Includes molybdenum produced in South America.

Note: e = estimate. See Cautionary Statement.

# Reconciliation of Unit Cash Costs

## Consolidated

	<u>¢ per lb of copper</u>
<b>2011</b>	<b>101¢</b>
Grasberg (a)	27
North America (b)	9
South America (c)	<u>10</u>
<b>Total</b>	<u><b>46</b></u>
<b>2012e</b>	<u><u><b>147¢</b></u></u>
<b><i>Impact of Higher 2013e/2014e Grasberg Volumes</i></b>	<u><b><i>(31¢)</i></b></u>
<b><i>With Higher Grasberg Volumes</i></b>	<b><i>116¢</i></b>

(a) lower volumes (copper down 11%, gold down 24%) & higher input costs

(b) higher site operating costs (higher mining rates & input costs) and lower by-product credits partly offset by higher copper volumes (up 7%)

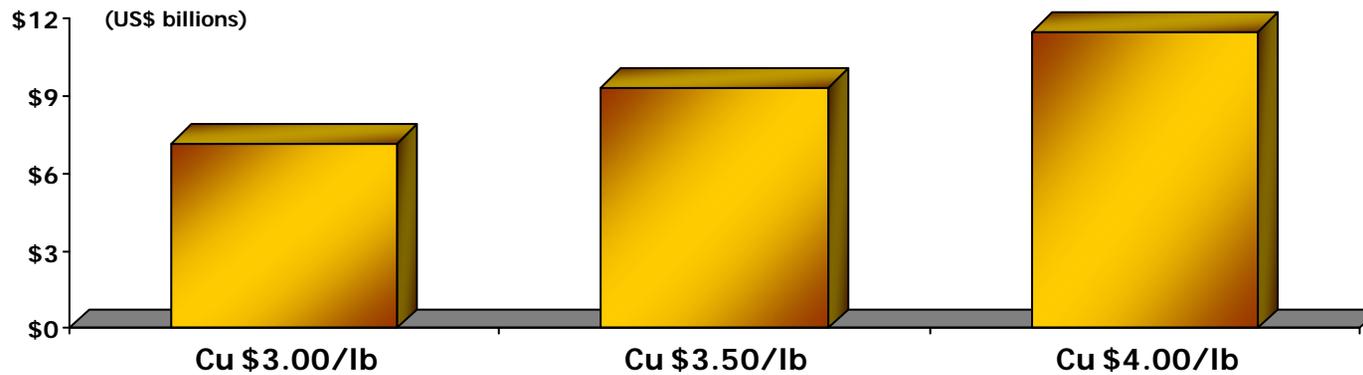
(c) lower copper volumes (down 8%), higher operating costs (higher mining rates and input costs) and lower by-product credits

e = estimate. See Cautionary Statement.

# EBITDA and Cash Flow at Various Copper Prices

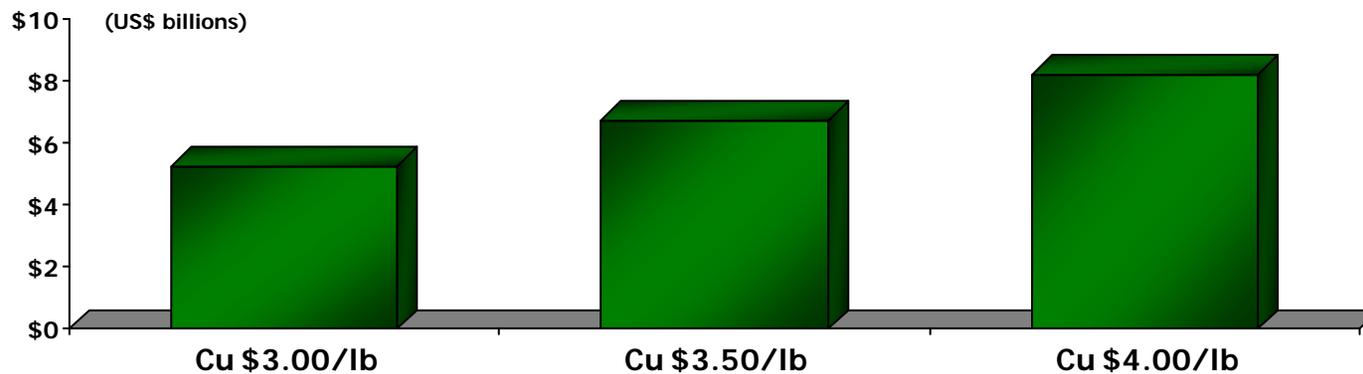
## Average EBITDA\*

(\$1,200 Gold & \$12 Molybdenum)



## Average Operating Cash Flow (excluding Working Capital changes)\*

(\$1,200 Gold & \$12 Molybdenum)



\* Based on operating plans, volumes and costs for average of 2013e & 2014e.

Note: For 2013e/2014e average, each \$50/oz change in gold approximates \$80 million to EBITDA and \$50 million to operating cash flow; each \$2.00/lb change in molybdenum approximates \$160 million to EBITDA and \$130 million to operating cash flow. EBITDA equals operating income plus depreciation, depletion and amortization.

e = estimate. See Cautionary Statement.

# Sensitivities



Change	EBITDA	Operating Cash Flow
	(US\$ millions)	
Copper: -/+ \$0.10/lb	\$410	\$280
Molybdenum: -/+ \$1.00/lb	\$80	\$65
Gold: -/+ \$50/ounce	\$80	\$50
Diesel <sup>(1)</sup> : -/+ 10%	\$90	\$65
Purchased Power <sup>(2)</sup> : -/+ 10%	\$50	\$40
Currencies <sup>(3)</sup> : +/- 10%	\$150	\$110

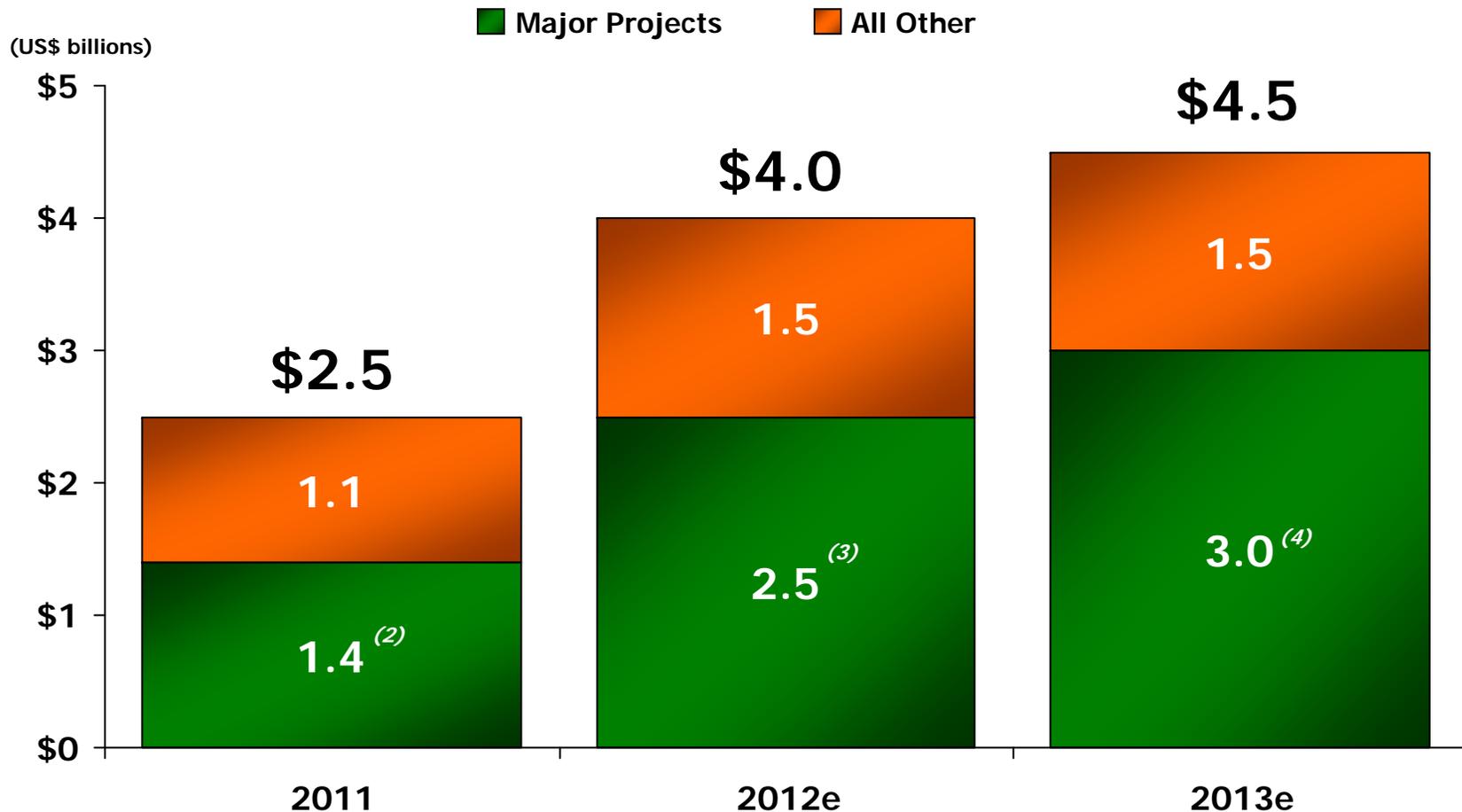
(1) \$3.45/gallon base case assumption.

(2) 7.0¢/kWh base case assumption.

(3) U.S. Dollar Exchange Rates: 500 Chilean peso, 9,500 Indonesian rupiah, \$1.00 Australian dollar, \$1.26 Euro, 2.70 Peruvian Nuevo Sol base case assumption. Each +10% equals a 10% strengthening of the U.S. dollar; a strengthening of the U.S. dollar against foreign currencies equates to a cost benefit of noted amounts.

NOTE: Based on 2013e/2014e average. Operating cash flow amounts exclude working capital changes. e = estimate. See Cautionary Statement.

# Capital Expenditures <sup>(1)</sup>



(1) Capital expenditure estimates include projects in progress. Project spending will continue to be reviewed and revised subject to market conditions. Excludes potential projects under review.

(2) Primarily includes Grasberg underground development, Climax construction activities and El Abra sulfide, as well as engineering and studies for near-term development projects.

(3) Primarily includes Grasberg underground development, Tenke 14k expansion, Cerro Verde expansion, Morenci mill expansion and Climax construction activities.

(4) Primarily includes Cerro Verde expansion, Morenci mill expansion, Grasberg underground development and Tenke 14k expansion.

Note: Includes capitalized interest.

e= estimate. See Cautionary Statement.

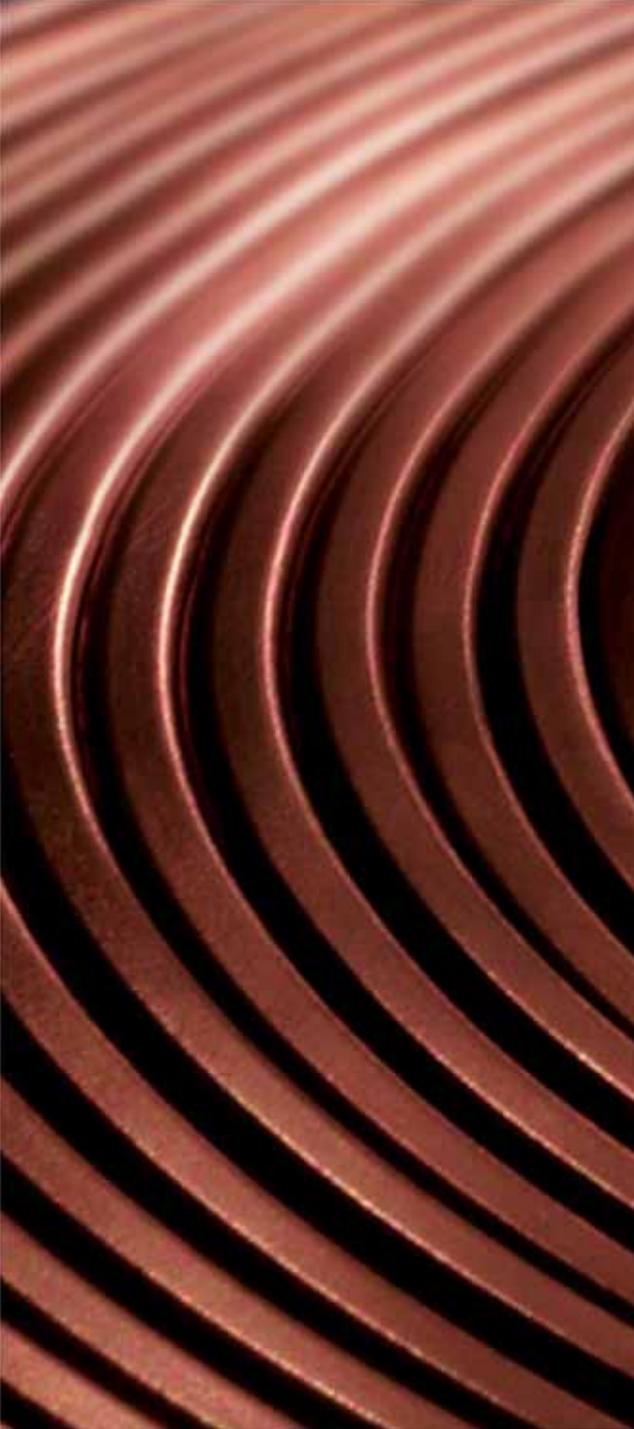
# *Financial Policy*

- **Maintain Strong Balance Sheet & Liquidity Position**
- **Invest in Attractive Growth Projects/Capital Discipline**
- **Current Common Stock Dividend Rate: \$1.25/Share per Annum**
- **Board to Review Financial Policy on an Ongoing Basis**

# *FCX Investment Summary*



- **World's Premier Publicly Traded Copper Company**
- **World's Largest Molybdenum Producer & Significant Gold Producer**
- **Long-lived Reserves, Geographically Diverse Operations**
- **Flexible Operating Structure Can Respond to Varying Market Conditions**
- **Significant Reserve Growth**



*Reference  
Slides*

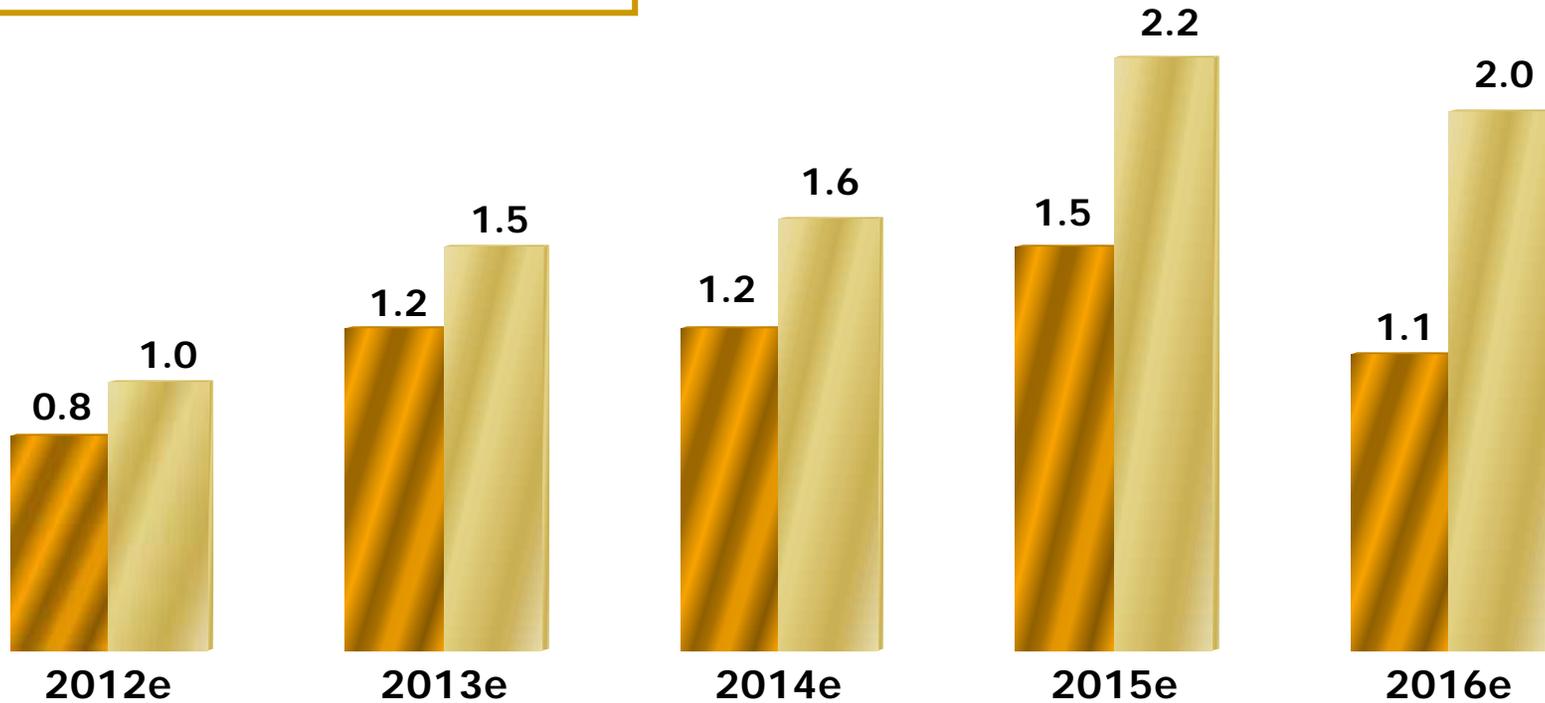
# PT-FI Mine Plan

## PT-FI's Share of Metal Sales, 2012e-2016e

2012e – 2016e PT-FI Share  
Total: 5.8 billion lbs copper  
Annual Average: 1.16 billion lbs

2012e – 2016e PT-FI Share  
Total: 8.3 million ozs gold  
Annual Average: 1.66 million ozs

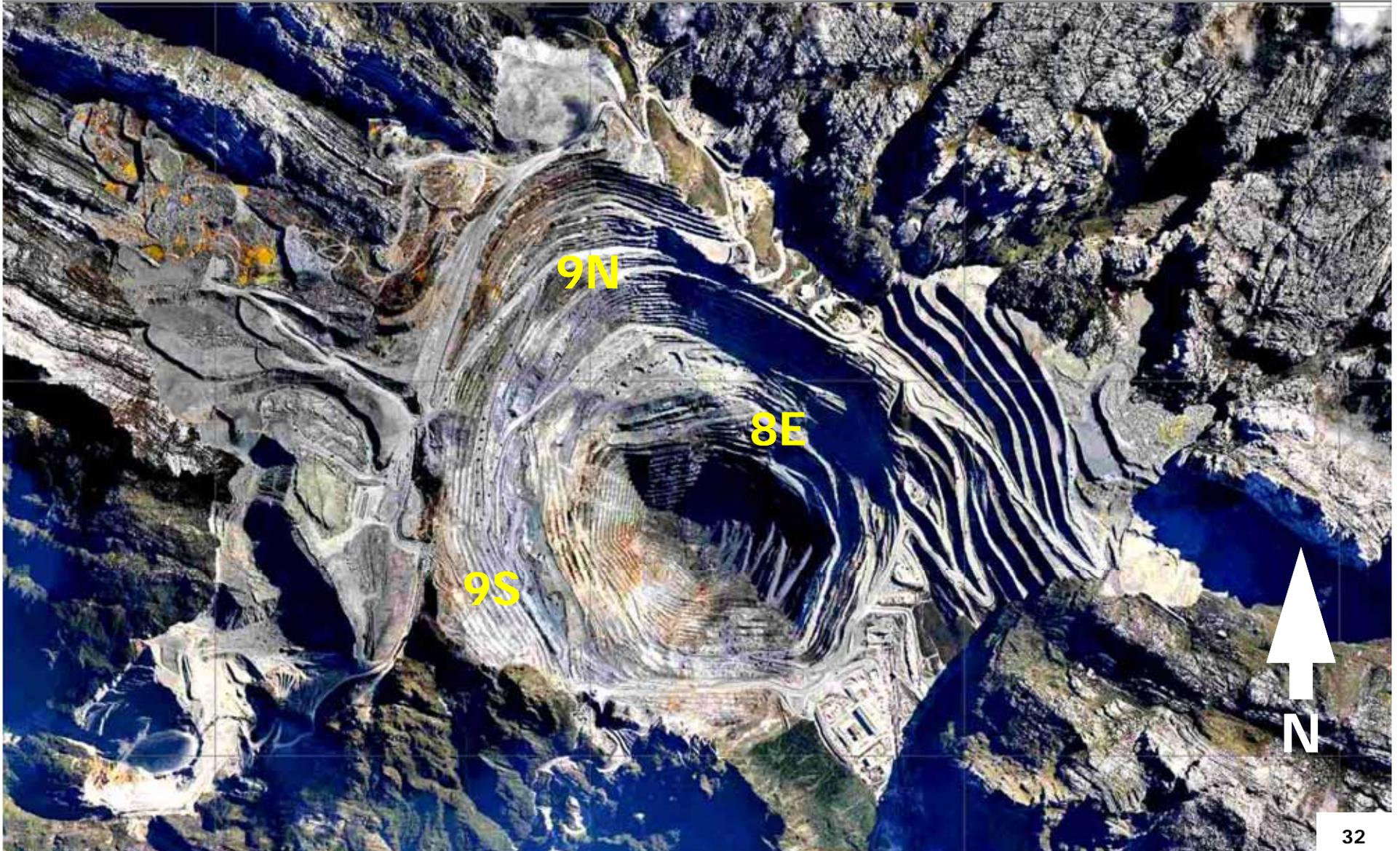
 Copper, billion lbs  
 Gold, million ozs



*e = estimate. Amounts are projections; see Cautionary Statement.*

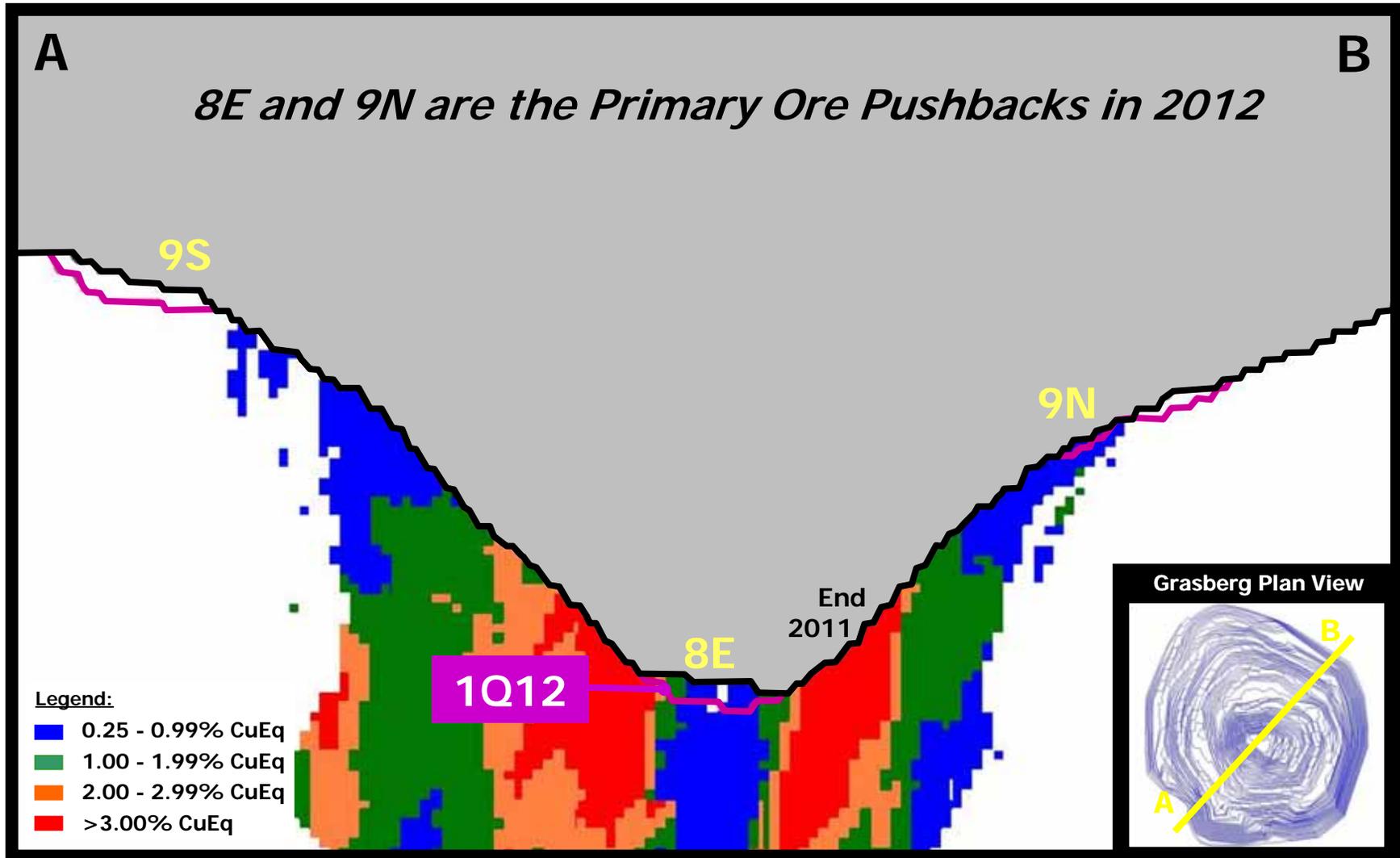
*Note: Timing of annual sales will depend upon mine sequencing, shipping schedules and other factors.*

# *Grasberg Open Pit*



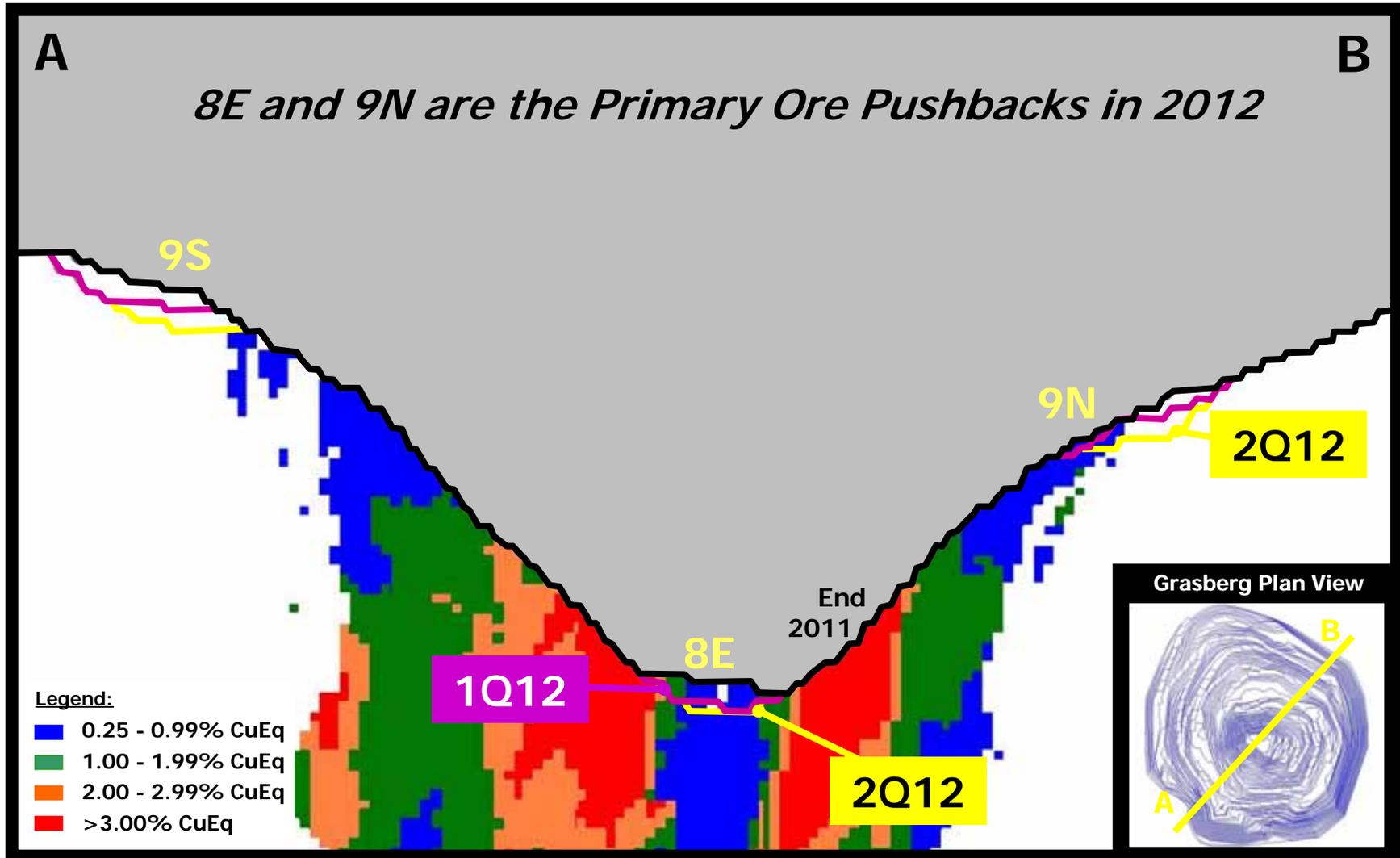
# Mining Sequence in 2012

## *Copper Equivalent Cross Section*



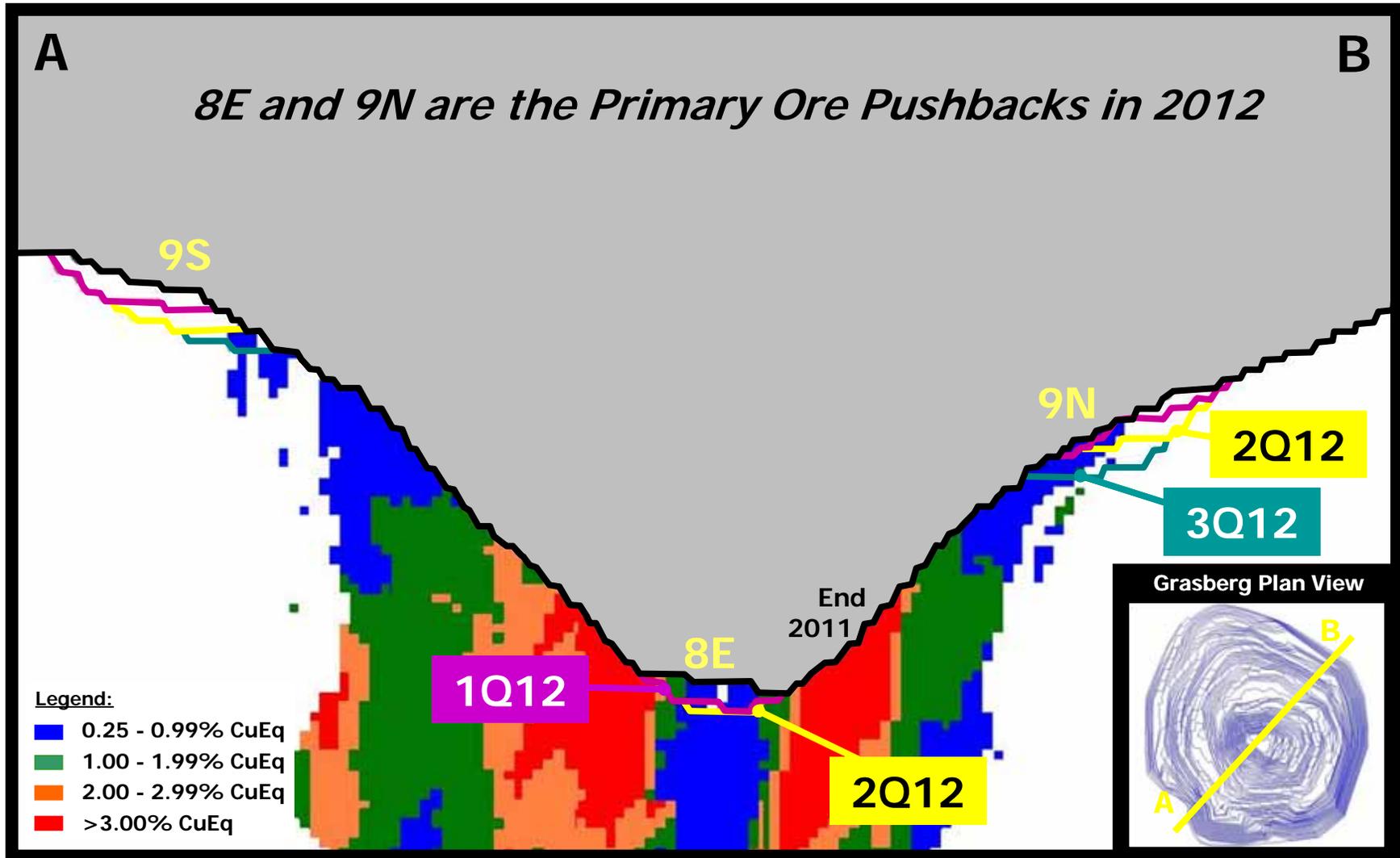
# Mining Sequence in 2012

## *Copper Equivalent Cross Section*



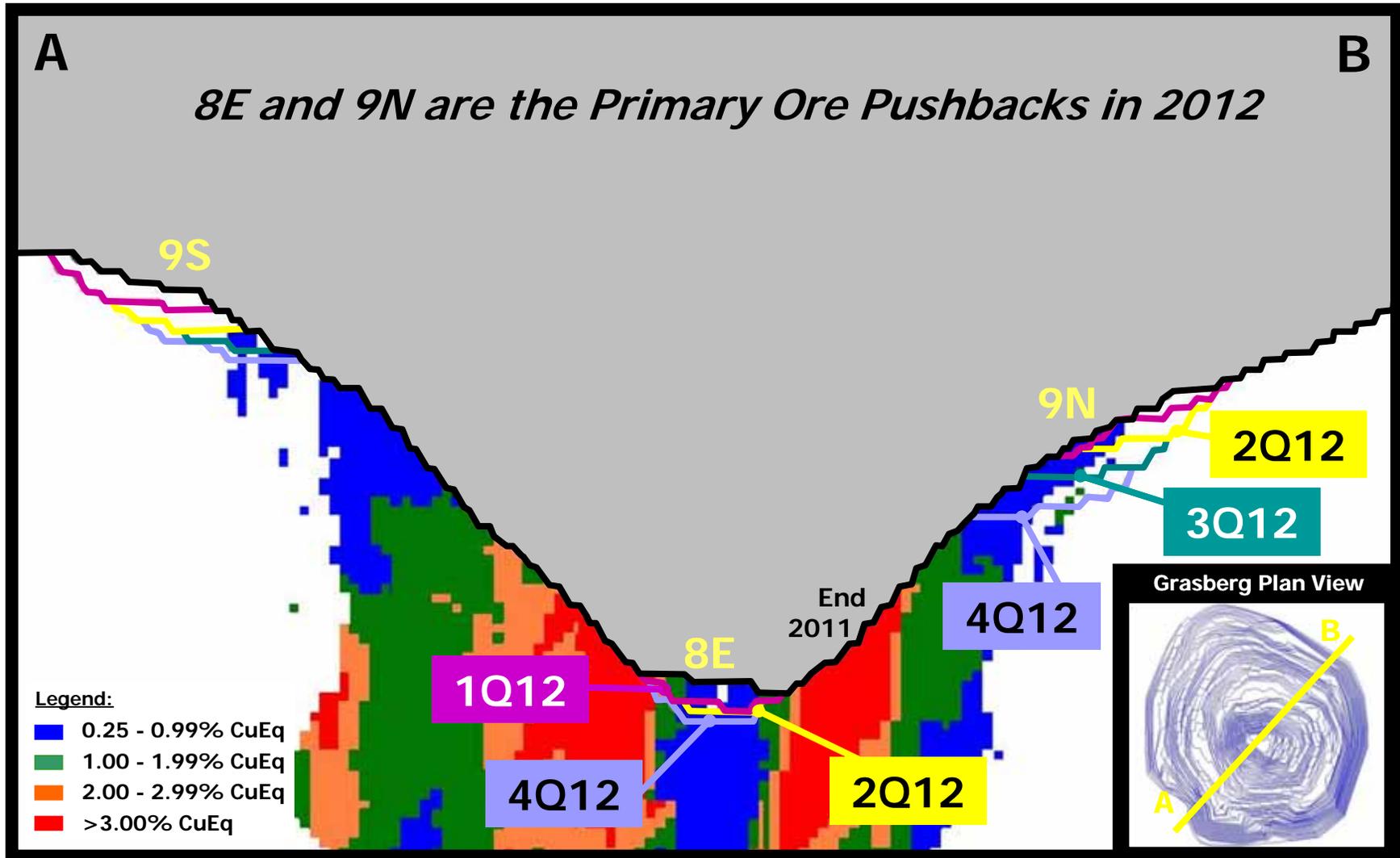
# Mining Sequence in 2012

## *Copper Equivalent Cross Section*



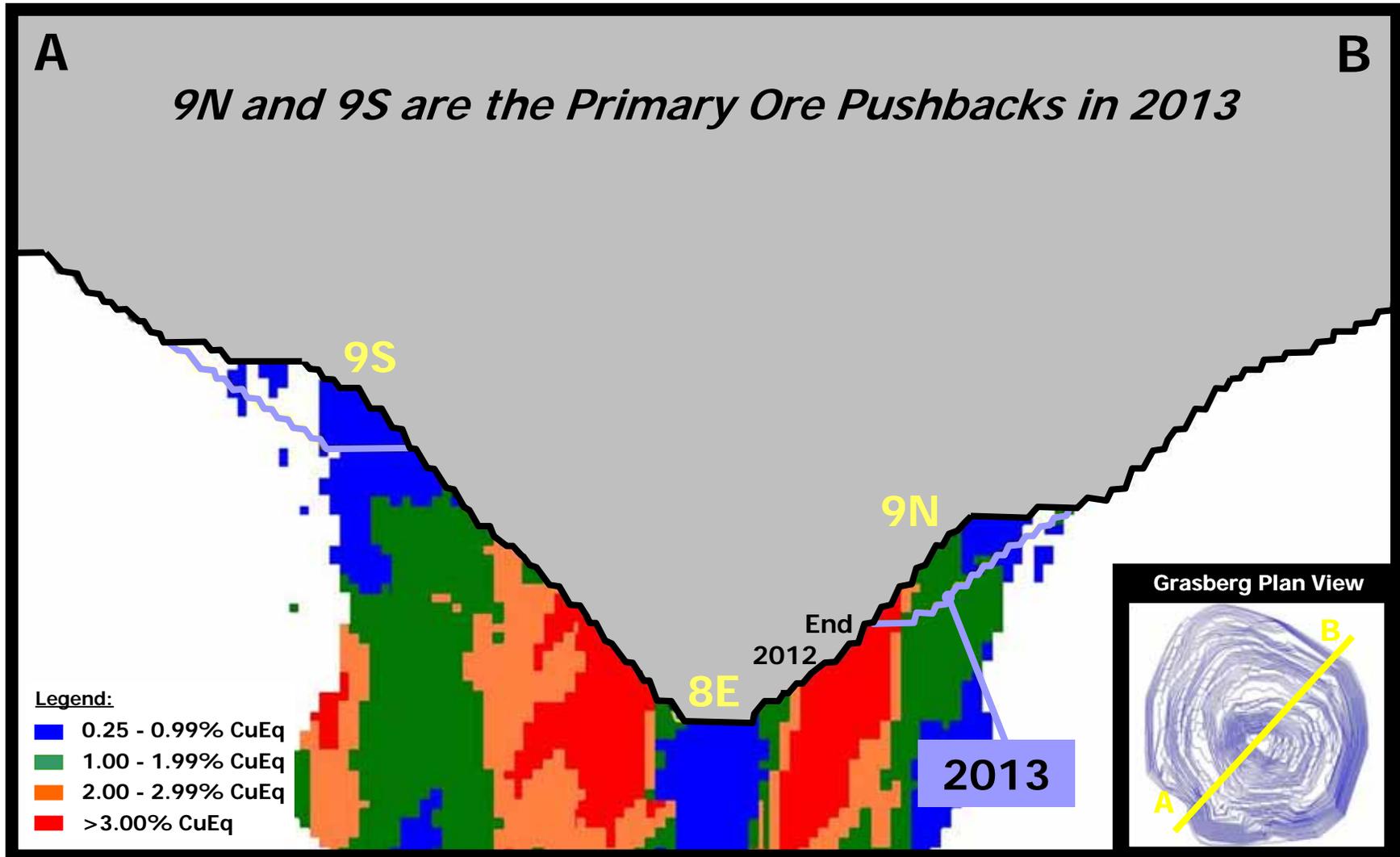
# Mining Sequence in 2012

## *Copper Equivalent Cross Section*



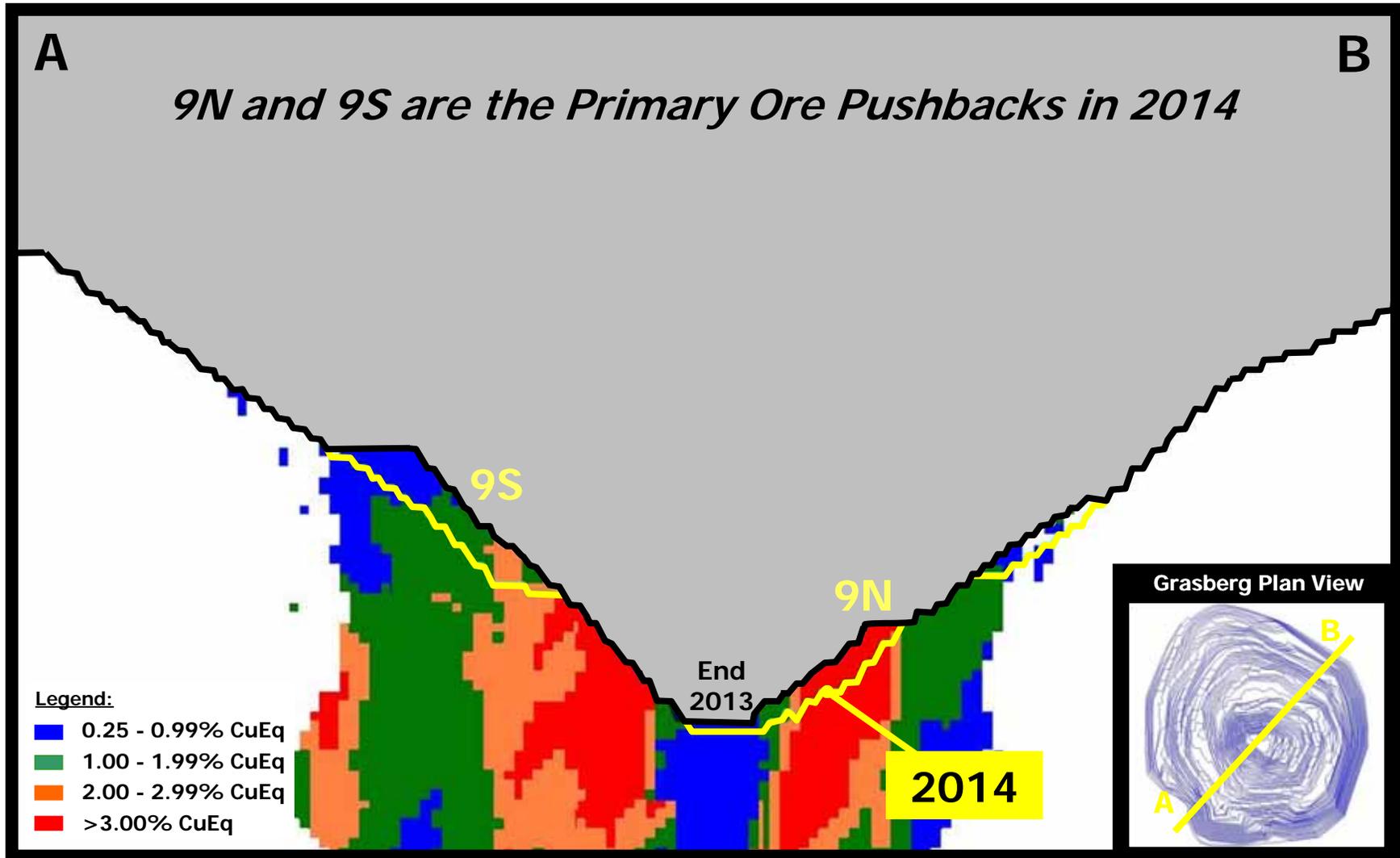
# Mining Sequence in 2013

## *Copper Equivalent Cross Section*



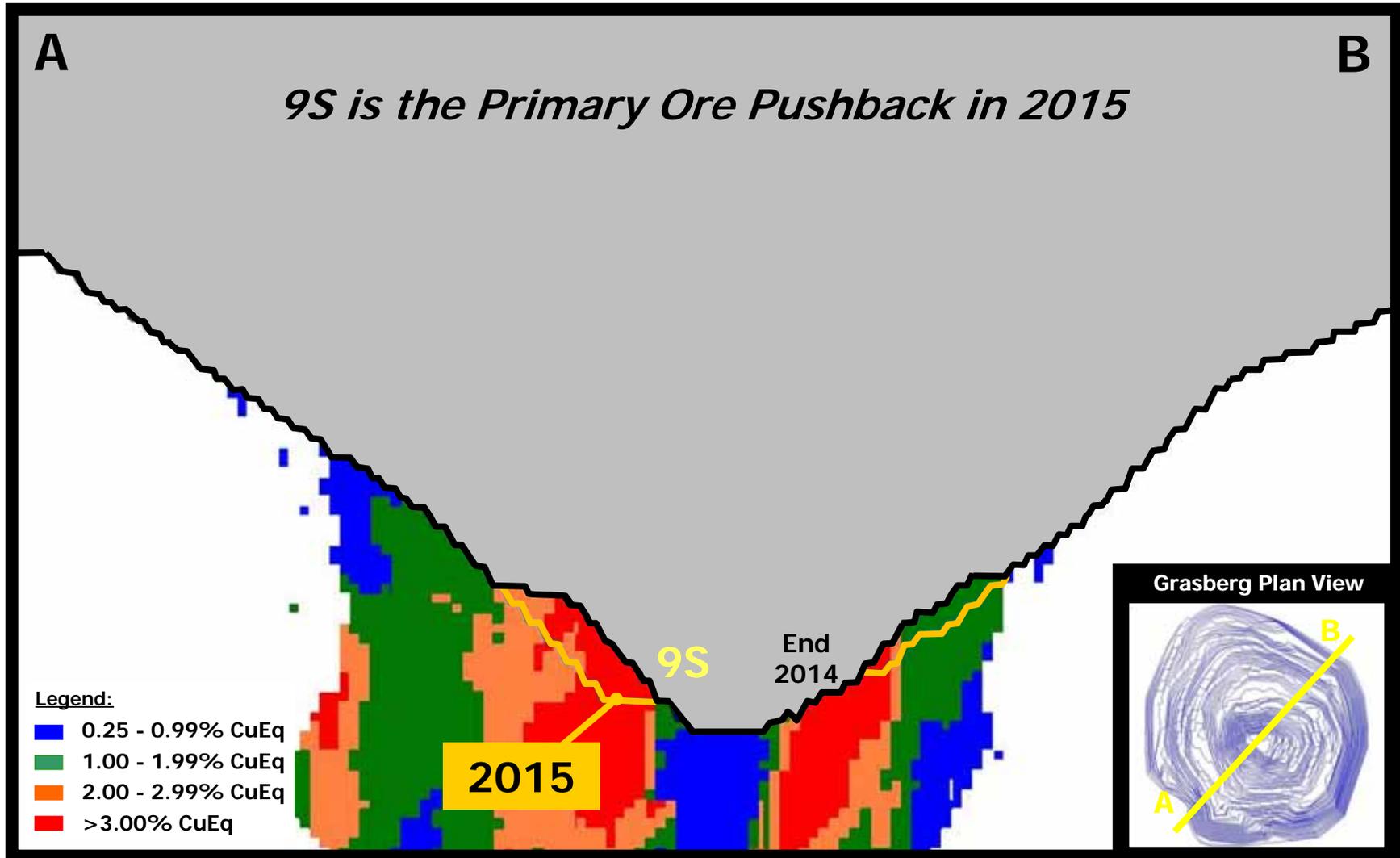
# Mining Sequence in 2014

## *Copper Equivalent Cross Section*



# Mining Sequence in 2015

## *Copper Equivalent Cross Section*



# Mining Sequence in 2016

## *Copper Equivalent Cross Section*

