

PLAINS EXPLORATION & PRODUCTION CO

Form 425

May 14, 2013

www.fcx.com

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Barcelona

Global Metals, Mining &

Steel Conference 2013

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May 14, 2013

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PURSUANT TO RULE 425 UNDER THE SECURITIES ACT OF 1933

EXPANDING RESOURCES

SUBJECT COMPANY: PLAINS EXPLORATION & PRODUCTION COMPANY

REGISTRATION STATEMENT NO. 333-185747

EXPANDING RESOURCES

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Cautionary Statement

Regarding Forward-Looking Statements

This presentation contains forward-looking statements in which FCX discusses its potential future performance. Forward-looking statements include all statements other than statements of historical facts, such as those 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, expected future earnings and results, mine production and development plans, the impact of deferred intercompany profits on earnings, liquidity, other financial commitments and tax rates, the impact of copper, gold, molybdenum and cobalt price changes, reserve estimates, future dividend payments, potential share purchases, and estimated EBITDA for 2013 assuming completion of the pending acquisitions. The words "anticipate," "can," "plans," "believes," "estimates," "expects," "projects," "intends," "likely," "will," "should," "to be," and any similar words are intended to identify those assertions as forward-looking statements. The declaration of dividends is at the discretion of FCX's Board of Directors and will depend on FCX's 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. There is no assurance can be given that the estimated mineralized material not included in reserves will become proven and probable reserves. FCX cautions readers that forward-looking statements are not guarantees of future performance and its actual results may differ from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause FCX's actual results to differ materially from those anticipated in the forward-looking statements include commodity prices, mine sequencing, production rates, regulatory changes, political risks, the outcome of ongoing discussions with the Indonesian government, the potential effects of economic conditions in Indonesia, the resolution of administrative disputes in the Democratic Republic of Congo, weather-and climate-related risks, labor and environmental risks, litigation results, currency translation risks, risks associated with completion of the pending acquisitions and other factors described in more detail under the heading "Risk Factors" in FCX's Annual Report on Form 10-K for the year ended December 31, 2012, 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 FCX's forward-looking statements are based are likely to change over time. Forward-looking statements are made, including for example commodity prices, which FCX cannot control, and production volumes, which are subject to some aspects of which FCX may or may not be able to control. Further, FCX may make changes to its business plans that could affect its financial results. FCX cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding changes in FCX's assumptions, changes in business plans, actual experience or other changes, and FCX undertakes no obligation to revise or update its 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 required by SEC Regulation G, reconciliations of these measures to amounts reported in FCX's consolidated financial statements and supplemental schedule, "Product Revenues and Production Costs," beginning on page VII, which is also available on FCX's website at www.fcx.com.

EXPANDING RESOURCES

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Additional Information About the
Pending 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 copy of PXP that also constitutes a prospectus of FCX. FCX and PXP also plan to file other relevant documents with the SEC regarding the transaction. **INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS BECAUSE THEY CONTAIN IMPORTANT INFORMATION.** You may obtain a free copy of the definitive proxy statement/other documents filed by FCX and PXP with the SEC at the SEC's website at www.sec.gov. You may also obtain these documents from 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 (602) 366-8400, or via e-mail at investor@pxp.com.

FCX and PXP and their respective directors and executive officers and other members of management and employees may be involved in the solicitation of proxies in respect of the proposed transaction. Information about FCX's directors and executive officers is available in FCX's 2012 Annual Report on Form 10-K, filed with the SEC on February 22, 2013, as amended on April 23, 2013. Information about PXP's directors and executive officers is available in PXP's 2012 Annual Report on Form 10-K filed with the SEC on February 21, 2013, as amended on February 27, 2013. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests in the securities of FCX and PXP, otherwise, is contained in the proxy statement/prospectus and other relevant materials which may be filed with the SEC regarding the transaction. You should read the proxy statement/prospectus carefully before making any voting or investment decisions. You may obtain free copies of the proxy statement/prospectus and other relevant materials from FCX or PXP using 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 any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933.

amended.

MMR Transaction

In connection with the proposed transaction, FCX and the royalty trust formed in connection with the transaction have filed with the SEC a statement on Form S-4 that includes a proxy statement of McMoRan that also constitutes a prospectus of FCX and the royalty trust and McMoRan also plan to file other relevant documents with the SEC regarding the proposed transaction. INVESTORS SHOULD READ THE PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY MAY BE IMPORTANT TO YOU. You may obtain a free copy of the definitive proxy statement/prospectus and other relevant documents filed by FCX, the royalty trust and McMoRan 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 (504) 582-4000, or via e-mail at ir@fmi.com; or by contacting McMoRan's Investor Relations department at (504) 582-4000, or via e-mail at ir@fmi.com. FCX and McMoRan and their respective directors and executive officers and other members of management and employees may be participants in the solicitation of proxies in respect of the proposed transaction. Information about FCX's directors and executive officers is available in FCX's 2012 Annual Report on Form 10-K, filed with the SEC on February 22, 2013, as amended on April 23, 2013. Information about McMoRan's directors and executive officers is available in McMoRan's 2012 Annual Report on Form 10-K, filed with the SEC on February 22, 2013, as amended on April 26, 2013. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect ownership of securities of FCX or McMoRan, or of their direct and indirect holdings or otherwise, is contained in the definitive proxy statement/prospectus and other relevant materials which may be filed with the SEC in connection with the merger. Investors should read the definitive proxy statement/prospectus carefully before making any voting or investment decisions. Free copies of these documents from FCX or McMoRan using 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 any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction. No offering of 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.

EXPANDING RESOURCES

Expanding Resources

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Established, Long-Lived Reserves

Geographically Diverse

Low Costs/Strong Margins

Growing Production/Cash Flow

Profile

Asset Base to Strengthen Through
Pending Acquisitions of North
American Based Oil & Gas Assets
Financially Strong
Environmentally Responsible
Experienced Team
2012 Annual Report Highlights

EXPANDING RESOURCES

Key Strengths

5

Firmly Focused on Creating Shareholder Value

Disciplined Investments & Prudent

Capital Allocation Focused on Returns

Brownfield Development &

Organic Growth Opportunities

Track Record for

Reserve Additions

Operational

Excellence

World Class Assets with Exposure
to Supply Constrained Markets

EXPANDING RESOURCES

1Q13 Highlights

6

Strong Operating Performance Globally

Productivity Improvements at Grasberg

Advanced Brownfield Development Projects

-

Completed Second Phase Expansion at Tenke

-

Advancing Morenci Mill Expansion

-

Commenced Initial Construction at Cerro Verde

Completed Highly Attractive Debt Financing to Fund Pending

Oil & Gas Acquisitions (Expected to Close in 2Q)

EXPANDING RESOURCES

Pending Oil & Gas Acquisitions

7

Good Strategic Fit

High Quality U.S. Focused Assets

-

Strong Oil Margins & Hedge Protected Cash Flows

-

Financially Attractive & Complimentary Growth Profile

-

Attractive Portfolio of Exploration Prospects

-

Positive Market Fundamentals

Attractive Debt Financing in Place: 3.1% Average Cost
Schedule:

-
Plains Shareholder Meeting: May 20th

-
McMoRan Shareholder Meeting: June 3rd

EXPANDING RESOURCES

Reasons for PXP Shareholders
to Support Transaction

8

Negotiated Terms Offer Significant Premium to PXP Standalone Values
Terms Incorporated Significant Potential Exploration/Development
Upside

PXP Board/Management Believe Negotiated Terms are in Best Interest
of Shareholders

Analyses by Proxy Advisory Firms is Flawed

FCX Announced No Basis to Increase Bid

Terms are Best and Final

EXPANDING RESOURCES

Enhanced Commodity Exposure to

Long-term Global Growth Trends

Emerging Market Growth and Urbanization Will Continue to Drive Commodity Demand

Global

Energy

Consumption

Expected

to

Grow

by

>30%

by

2035

(1)

Global
Refined
Copper
Consumption
Expected

to
Grow

by
~60%

by
2025

(2)

9

(1)

International Energy Administration

(2)

Brook Hunt

Favorable Supply/Demand Fundamentals Expected to
Remain Supportive of Future Oil and Copper Prices

0%

100%

200%

300%

400%

500%

600%

Brent

Copper

Brent Oil Price v. Copper Price

dated 5/9/13

EXPANDING RESOURCES

Enhanced Geographic &
Commodity Diversification

10

Pro Forma 2013e EBITDA

(1)

Oil & Gas

26%

Oil & Gas

26%

Mining

74%

Mining

74%

North

America

North

America

Indonesia

Indonesia

23%

23%

48%

48%

South

America

21%

Africa

Africa

8%

8%

(1)

Includes pending oil and gas acquisitions. Based on pricing assumptions of \$3.50/lb Cu, \$1,500/oz Au, \$12/lb Mo, \$100/bbl O and \$4.50/MMbtu natural gas.

e = estimate. See Cautionary Statement.

EBITDA Margin:

Mining: ~ 50%

Oil & Gas: ~75%

EXPANDING RESOURCES

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World's Leading Copper Producers
(000 t)

Top 10 Copper Producers (2013e)

Source: Wood Mackenzie 1Q13. Rankings based on net equity ownership.
e=estimate

EXPANDING RESOURCES

FCX's Global Footprint

12

e = estimate. See Cautionary Statement.

Grasberg (90.64%)

Reserves

Cu

31.0 bn lbs

Au

30.9 mm ozs

Sales

Cu

1.1 bn lbs

Au
 1.25 mm ozs
 Reserves
 Cu
 38.8 bn lbs
 Mo
 2.69 bn lbs
 Oil & Gas
 688 mm bbls²
 Sales
 Cu
 1.4 bn lbs
 Mo
 92 mm lbs³
 Oil & Gas
 175 MBOE/d
 Copper
 Copper/Gold/Silver
 Molybdenum
 Cobalt
 Oil/Natural Gas
 Reserves
 Cu
 7.9 bn lbs
 Co
 0.84 bn lbs
 Sales
 Cu
 435 mm lbs
 Co
 28 mm lbs
 Tenke (56.0%)
 Tenke (56.0%)
 South America
 4
 South America
 4
 Reserves
 Cu
 38.8 bn lbs
 Au
 1.2 mm ozs
 Mo
 0.73 bn lbs
 Sales
 Cu
 1.3 bn lbs
 Au
 0.1 mm ozs
 Major Operations & Development Projects

All major mining assets majority-controlled and operated

North America

North America

1

Note:

FCX

consolidated

reserves

and

annual

sales;

reserves

as

of

December

31,

2012.

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

2P Reserves including Proved of 475 MMBOE and Probable of 213 MMBOE; Reserves are as of 12/31/12, pro forma for MM

3

Includes moly sales from South America

4

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

EXPANDING RESOURCES

Copper Market Commentary

13

China Remains Important Demand Driver

-

Expect Continued Infrastructure Development and Commodity Intensity

-

Slower Growth on Larger Base

-

Growing Copper Concentrate Imports/Lower Cathode Imports

Improving U.S. Demand

-

Healthy Automotive Sector

-

Improving Housing Sector

European Demand Remains Weak

Global Inventories

-

Growth in Exchange Stocks Has Slowed

-

Declining Bonded Warehouse Stocks

-

Consumer Inventories Remain Low

Significant Supply Challenges Persist

EXPANDING RESOURCES

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2013e Copper Production

World Class Copper

Discoveries Are Extremely Rare

Recoverable Copper Reserves

Million metric tons

Thousand metric tons

Source: Wood Mackenzie 1Q13

e=estimate

1979

1988
1979
1926
1865
1957
1860s
1910
1950
1979
1988
1910
1996
1910
1979
1876
1935
1996
1988
1870s
0
5
10
15
20
25
30
0
200
400
600
800
1000
1200
Escondida -
Grasberg Complex -
Chuquicamata -
Antamina -
El Teniente -
Collahuasi -
Los Pelambres -
Los Bronces -
Norilsk -
Morenci -
Escondida -
Grasberg Complex -
Collahuasi -
Cananea -
Andina -
KGHM Polish Copper -
Pebble Project -

Cerro Verde -
El Teniente -
Toquepala -

EXPANDING RESOURCES

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Brownfield Development Projects

Tenke Phase II Expansion

SO2 Furnace

Tenke Phase 2 \$0.9 Billion*

Completed on Time and
Within Budget

50% Increase in Copper

Performing Well

\$0.6 Billion Incurred to Date

Morenci

Ball Mill

Project Earthworks

March 2013

Morenci ~ \$1.4 Billion

Construction in Process

Startup in 2014

\$0.4 Billion Incurred to Date

Cerro Verde ~ \$4.4 Billion

Commenced Construction in 1Q

Completion Expected in 2016

\$0.6 Billion Incurred to Date

+1 Billion Pounds per Annum Increase by 2016

* Includes a second sulphuric acid plant,
which is expected to be installed in 2015

Cerro Verde

EXPANDING RESOURCES

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Volume Growth with
Brownfield Projects in Progress

3.65

4.4

2012

2013e-2014e

Average

2015e-2020e

Average

North

America

Copper (billion lbs per year)

5.0+

South

America

Africa

Indonesia

+20%

Proven Technology

Capital efficiency

Economies of scale

Risks better

understood

Brownfield Projects

Higher Risk Adjusted

Returns

2015e-2020e

v. 2012

NA

SA

Africa

Indonesia

+15%+

e= estimate. See Cautionary Statement.

EXPANDING RESOURCES

17

Copper Sales (billion lbs)

0

1

2

3

4

5

2012

2013e

2014e

2015e

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

e = estimate. See Cautionary Statement.

Includes Projects

Currently

Under Way*

3.65

5.0+

4.5

4.3

Growing Production Profile

Gold Sales (million ozs)

1.0

1.4

1.8

1.8

0

1

2

2012

2013e

2014e

2015e

83

92

95

100

0

25

50

75

100

2012

2013e

2014e

2015e

Molybdenum Sales (million lbs)

0

25

50

75

100

2012

2013e

2014e

2015e

Oil & Gas Sales (MMBOE)

Ultra-Deep

Expl./Dev.

Ultra-Deep

Expl./Dev.

Note:

Note: 2012 includes sales from deepwater 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.

Consolidated gold sales include approximately 102k ozs in 2012, 140k ozs in 2013e, 175k ozs in 2014e and 170k ozs in 2015e for noncontrolling interest.

Note:

Consolidated copper sales include approximately 717 mm lbs in 2012, 810 mm lbs in 2013e, 760 mm lbs in 2014e and 900+ mm lbs in 2015e for noncontrolling interest; excludes purchased copper.

EXPANDING RESOURCES

2013e

2014e

2015e

\$0

\$5

\$10

\$15

\$20

\$25

\$3.00

\$3.50

\$4.00

FCX Pro forma

(1)
 EBITDA,
 Cash Flows & Capital Expenditures
 18
 \$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
 (1) Includes pending oil and gas acquisitions
 * Excludes working capital changes
 e = estimate. See Cautionary Statement.
 2015/
 2016
 Avg.
 2013/
 2014
 Avg.
 (Brent)
 (Brent)
 2015/
 2016
 Avg.
 2013/
 2014
 Avg.
 Mining
 65%
 O&G
 35%
 O&G
 35%
 60%
 40%
 40%
 48%
 52%
 52%
 ~45%
 Increase
 ~45%
 Increase

EXPANDING RESOURCES

Oil & Gas Cash Flows

Targeted to be Self-funding

19

\$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)

EXPANDING RESOURCES

\$16.0

\$7.7

\$2.0

(\$3.5)

-\$5

\$0

\$5

\$10

\$15

\$20

Significant Debt Reduction

Year-End Net Debt at Varying Copper Prices

Pro Forma YE 2016e

(US\$ billions)

13- 16 Avg. Copper Price

Net Debt/ 13- 16 Avg. EBITDA

\$3.00

0.6x

\$3.50

0.1x

\$4.00

N/A

12/31/12

Pro Forma

(1)

20

Target: \$12 Billion

(1) Reflects as adjusted net debt associated with the PXP and MMR acquisitions and related debt financings

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

e= estimate. See Cautionary Statement.

EXPANDING RESOURCES

Phelps Dodge Case Study

21

\$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

12/31/12

(\$ in bns)

Debt

*

Based on estimated proven & probable reserve additions as of 12/31/12 before production.

December

2007

\$26 Billion Acquisition in 2007

Highly Successful

Transformational Transaction

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

EXPANDING RESOURCES

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Maintain Strong Balance Sheet & Liquidity Position

Reduce Debt Incurred for Pending Acquisitions Using Projected
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

EXPANDING RESOURCES

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Long Track Record of Generating
Value for Shareholders

Grasberg Discovery &
Development

Tenke Fungurume
Development

Phelps Dodge Resource
Expansion

Effective Management of
Safety, Operational,

Environmental and
Political Risks
Financial Discipline
Successful Phelps Dodge
Integration
Strong ROIC
Balance Sheet Management
Shareholder Returns
Senior Management and
Directors are Significant
Shareholders
Achieving Production
Targets
Cost Management
Flexible Operating
Structure
Understanding of Assets
and Resource Potential
Experience in O&G Industry
Broaden Portfolio of
Investment Opportunities
Exploration &
Development
History of Prudent Capital
Allocation & Opportunistic
Acquisitions
Solid Financial
Performance
Strong Portfolio &
Risk Management
Alignment
of Interests
Pending
Acquisitions

EXPANDING RESOURCES

Reference

Slides

EXPANDING RESOURCES

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To date, completed 80 km of development
in Grasberg BC & 53 km in DMLZ
Tracking start-up schedule

Current activities include work on ore flow
systems & Grasberg BC shaft

Development capital
\$6.7 bln for Grasberg BC & DMLZ (\$5.5 bln
net to PT-FI) with \$1.5 bln spent to-date
(\$1.2 bln net to PT-FI)*

PT-FI s share of UG development expected to
average \$585mm/year over next five years

DMLZ start-up in 2015 with full production
of 80K t/d in 2021

Grasberg BC start-up in 2017 with full
production of 160K t/d in 2022

Grasberg

Underground Development

Common Infrastructure

PT-FI s Share

Annual Avg.

Cu

bln lbs

Cu

bln lbs

Au

mm ozs

2012-2016e

1.1

2017e-2021e

1.7

1.3

1.1

* initial development capital spend through achievement of full rates (through year-end 2021 for Grasberg BC & year-end 2021 for DMLZ)

NOTE: Ore grades in first 10 years expected to be higher than life of mine average for Grasberg BC and DMLZ of 1.01% Cu respectively.

e = estimate. See Cautionary Statement.

EXPANDING RESOURCES

Update on Grasberg

Unusually low metal production in 2012 compared with historical levels

Lower grades in Grasberg open pit

DOZ

ramp-up:

panel

repairs

more

extensive

expect
80K
t/d
by
year-
end 2013; current rate: 50K t/d
Mine sequencing/geotechnical factors

Outlook for improving metal production & resulting net unit
cash costs

Aggregate Grasberg Production*
(billion lbs Cu & million ozs Au per year)

Average Unit Net Cash Costs**

(¢
per lb of copper)

Copper

2002-

2011

(average)

2013e-

2016e

(average)

2012

Gold

1.4

0.7

1.4

2.3

0.9

2.1

2002

-2011

(average)

2013e-

2016e

(average)

2012

2013e-

2016e

(average)

2012

13¢

124¢

Net

Credit

2007-

2011

(average)

26

*

includes Rio Tinto's share; PT-FI's share (in billion lbs Cu & million ozs Au): 2002-2011 average is 1.2 Cu & 2.0 Au, 2012 is
**

\$1,700 gold price for 2013e-2016e; 2013e unit net cash costs are expected to be higher than the 2014e & 2013e-2016e average

NOTE: For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FC
and Production Costs on FCX's website. e = estimate. See Cautionary Statement.

EXPANDING RESOURCES

Copper Reserves & Mineralized Material
as of 12/31/12

Reserves

(a)

(recoverable copper)

Reserves

(a)

&

Mineralized

Material

(b)

(a)

Preliminary estimate of recoverable proven and probable copper reserves using a long-term average copper price of \$2.00/lb; 9

(b) Preliminary estimate of consolidated contained copper resources using a long-term copper price of \$2.20/lb. **Mineralized**

will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance

that the estimated mineralized material will become proven and probable reserves. See Cautionary Statement.

at \$2.00 Cu price

billion lbs of copper

at \$2.20 Cu price

Reserves

Mineralized

Material

(b)

(contained copper)

113

billion

lbs

12/31/12

Mineralized Material

(b)

by Geographical Region

North

America

Indonesia

17%

52%

South

America

19%

Africa

12%

27

EXPANDING RESOURCES

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Highly Attractive Brownfield
Copper Development Projects
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

28

South America*

Tenke

Fungurume

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)

Expansion Projects in Progress

Incr. Cu

(mm lbs/yr)

Capital*

(\$ blns)

Achieve

Full Rates

* excludes capitalized interest

1.1 bln lbs Cu**

1.4 mm ozs Au**

Cerro Verde Expansion

(600 mm lbs Cu) under way

Potential El Abra Mill

(600 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

Underground
development under
way

EXPANDING RESOURCES

2013e Sales by Region

Cash Unit Costs

(1)

Site Production & Delivery

(2)

\$2.03

\$1.57

\$2.32

\$1.41

\$1.89

By-product Credits

(0.24)

(0.29)

(1.66)
 (0.30)
 (0.62)
 Treatment Charges
 0.10
 0.16
 0.21
 -
 0.14
 Royalties
 (2)
 -
 -
 0.13
 0.07
 0.04
 Unit Net Cash Costs
 \$1.89
 \$1.44
 \$1.00
 \$1.18
 \$1.45
 29
 2013e Operating Estimates
 (per pound of copper)
 North
 South
 America
 America
 Indonesia
 Africa
 Consolidated
 (3)
 2013e Unit Production Costs
 2013e
 2013e
 2013e
 2013e
 Cu
 mm lbs
 2013e
 Mo
 mm lbs
 1,445
 92
 (4)
 North America
 South America
 Indonesia
 2013e

Cu
mm lbs
Au
000 s ozs
1,335
130
(5)

2013e

Cu
mm lbs
2013e

Au
mm ozs
1,085
1.25

Cu
mm lbs
Co

mm lbs
435
28

Africa
(1)

Estimates assume average prices of \$3.25/lb for copper, \$1,400/oz for gold, \$11/lb for molybdenum and \$12/lb for cobalt for the year. These prices may vary significantly with quarterly metal sales volumes. Unit net cash costs would change by ~\$0.015/lb for each \$50/oz change in the price of molybdenum.

(2)

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

(3)

Higher 2014e Grasberg volumes would have an approximate \$0.15/lb favorable impact on 2013e consolidated cash unit costs.

(4)

Includes molybdenum produced in South America

(5)

Includes gold produced in North America

Note: e = estimate. See Cautionary Statement.

EXPANDING RESOURCES

(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

30

NOTE: e = estimate. See Cautionary Statement.

CA
Oil
MBOE/D
Oil
MBOE/D
40
(1)
California
Haynesville/
Rocky Mtns/Other
Gas
127
GOM
Eagle Ford
Eagle Ford
31
(2)
Gas
36
GOM
56
(3)
Gas
125
California
Operating Cost: \$27/bbl
Pricing: Brent Based
Operating Cost: \$15/bbl
Pricing: LLS
Eagle Ford
Operating Cost: \$10/bbl
Pricing: LLS/NYMEX
Rocky Mtns. &
Haynesville
Operating Cost: \$1.65/Mcfe
Pricing: NYMEX
Gas
MMcfe/d
Gas
MMcfe/d
2013e Oil & Gas Sales by Region
Gulf of Mexico Shelf/
Deepwater

EXPANDING RESOURCES

Oil & Natural Gas Hedging Positions

31

Oil Indexed to Brent

Swaps

Swaps

Puts

Collars

15%

15%

Unhedged

Unhedged

Puts

15%
 15%
 Unhedged
 Unhedged
 Puts
 84k bbls/d
 \$90 floor
 \$70 limit
 \$6.90 ADP
 43%
 43%
 Unhedged
 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 February 21, 2013; ADP = average deferred premium.

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

EXPANDING RESOURCES

Energy

A Significant

Component of Mining Cost

32

2012

Site Operating Costs by Category

(Consolidated)

2012

Components of Energy

(Total of \$1.6 Billion)

Materials

Energy

Manpower

Other

Acid

29%

21%

32%

13%

5%

Diesel

255 mm gallons

Coal: 700k mt

&

Natural Gas:

1 million MMBTU

Purchased

Power

6,800 GWh

35%

6%

59%

EXPANDING RESOURCES

33

Sensitivities

Operating

Change

EBITDA

Cash Flow

Copper: -/+ \$0.10/lb

\$405

\$275

Molybdenum: -/+ \$1.00/lb

\$80

\$65

Gold: -/+ \$50/ounce

\$75

\$45

Diesel

(1)

: -/+ 10%

\$100

\$75

Purchased Power

(2)

: -/+ 10%

\$50

\$35

Currencies

(3)

: +/-

10%

\$175

\$130

(US\$ millions)

(1) \$3.80/gallon base case assumption

(2) 6.7¢/kWh base case assumption

(3) U.S. Dollar Exchange Rates: 475 Chilean peso, 9,500 Indonesian rupiah, \$1.00 Australian dollar, \$1.28 Euro, 2.70 Peruvian sol. A 10% strengthening of the U.S. dollar against foreign currencies equates to a cost benefit of approximately 10% of operating cash flow. NOTE: Based on 2013e/2014e average. Operating cash flow amounts exclude working capital changes. e = estimate. See Cautionary Statement on page 10.