

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 23, 2020



Freeport-McMoRan Inc.

(Exact name of registrant as specified in its charter)

Delaware **001-11307-01** **74-2480931**
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

333 North Central Avenue
Phoenix AZ **85004**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (602) 366-8100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	FCX	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

Freeport-McMoRan Inc. ("FCX") issued a press release dated July 23, 2020, announcing its second-quarter and six-month 2020 financial and operating results. A copy of the press release is furnished hereto as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

The slides to be presented in connection with FCX's previously announced second-quarter 2020 earnings conference call being webcast on the internet at 10:00 a.m. Eastern Time on July 23, 2020, are furnished hereto as Exhibit 99.2.

The information furnished pursuant to Item 2.02 and Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Exhibit Title
99.1	Press release dated July 23, 2020, titled "Freeport-McMoRan Reports Second-Quarter and Six-Month 2020 Results."
99.2	Slides presented in connection with FCX's second-quarter 2020 earnings conference call conducted via the internet on July 23, 2020.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Freeport-McMoRan Inc.

By: /s/ C. Donald Whitmire, Jr.

C. Donald Whitmire, Jr.
Vice President and Controller -
Financial Reporting
(authorized signatory and
Principal Accounting Officer)

Date: July 23, 2020

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 **FREEPORT-McMoRAN**
FCX.COM | NYSE:FCX

Freeport-McMoRan Reports Second-Quarter and Six-Month 2020 Results

- *Strong Execution of April 2020 Revised Operating Plans*
- *Second-quarter 2020 Copper and Gold Sales 10-12% Above April 2020 Estimates*
- *Ongoing Underground Ramp-Up at Grasberg Advancing on Schedule*
- *Solid Cost and Capital Management*
- *Positioned for Significant Expansion of Margins and Cash Flows*

- **Net income** attributable to common stock totaled \$53 million, \$0.03 per share, in second-quarter 2020. After adjusting for net credits of \$9 million, \$0.01 per share, second-quarter 2020 adjusted net income attributable to common stock totaled \$44 million, or \$0.03 per share.
- **Consolidated sales** totaled 759 million pounds of copper, 184 thousand ounces of gold and 18 million pounds of molybdenum in second-quarter 2020.
- **Consolidated sales** for the year 2020 are expected to approximate 3.15 billion pounds of copper, 0.8 million ounces of gold and 77 million pounds of molybdenum, including 790 million pounds of copper, 220 thousand ounces of gold and 18 million pounds of molybdenum in third-quarter 2020. Consolidated sales for the year 2021 are expected to increase to 3.8 billion pounds of copper and 1.4 million ounces of gold.
- **Average realized prices** in second-quarter 2020 were \$2.55 per pound for copper, \$1,749 per ounce for gold and \$10.53 per pound for molybdenum.
- **Average unit net cash costs** in second-quarter 2020 were \$1.47 per pound of copper and are expected to average \$1.53 per pound of copper for the year 2020 and less than \$1.20 per pound of copper for the year 2021.
- **Operating cash flows** totaled \$491 million (including \$22 million of working capital and other sources) in second-quarter 2020 and \$453 million (including \$141 million of working capital and other sources) for the first six months of 2020. Based on current sales volume and cost estimates, and assuming average prices of \$2.85 per pound for copper, \$1,800 per ounce for gold and \$7.00 per pound for molybdenum for the second half of 2020, operating cash flows are expected to approximate \$2.6 billion (including \$0.5 billion of working capital and other sources) for the year 2020. With anticipated increases in copper and gold sales volumes and decreases in unit net cash costs, operating cash flows in 2021 are expected to be significantly higher than 2020 levels.
- **Capital expenditures** totaled \$0.5 billion (including approximately \$0.3 billion for major projects) in second-quarter 2020 and \$1.1 billion (including approximately \$0.6 billion for major projects) for the first six months of 2020. Capital expenditures for the year 2020 are expected to approximate \$2.0 billion, including \$1.3 billion for major projects primarily associated with underground development activities in the Grasberg minerals district in Indonesia and completion of the Lone Star copper leach project in Arizona, and exclude estimates associated with the new smelter in Indonesia.
- At June 30, 2020, **consolidated debt** totaled \$9.9 billion and **consolidated cash** totaled \$1.5 billion. FCX had no borrowings and \$3.5 billion available under its revolving credit facility at June 30, 2020.
- On July 13, 2020, FCX **priced \$1.5 billion of senior notes in two tranches**, which are expected to close on July 27, 2020. FCX intends to use the net proceeds from the senior notes offering to fund its tender offers for certain of its existing senior notes. These transactions will enable FCX to extend the maturities of its outstanding indebtedness.

PHOENIX, AZ, July 23, 2020 - Freeport-McMoRan Inc. (NYSE: FCX) reported net income (loss) attributable to common stock of \$53 million (\$0.03 per share) in second-quarter 2020 and \$(438) million (\$(0.30) per share) for the first six months of 2020. After adjusting for net credits of \$9 million (\$0.01 per share), primarily associated with favorable metals inventory adjustments and an income tax credit, which were mostly offset by COVID-19 related costs and employee separation costs, adjusted net income attributable to common stock totaled \$44 million (\$0.03 per share) in second-quarter 2020. For additional information, refer to the supplemental schedule, "Adjusted Net Income (loss)," on page VII.

Richard C. Adkerson, President and Chief Executive Officer, said, "Our global team is performing in an exceptional fashion as demonstrated in our second quarter results. We are prioritizing the well-being of our workforce and communities where we operate while executing our strategy of delivering significant growth in production volumes and effective management of costs and capital spending to increase margins and cash flows. We are positioned for success with an attractive portfolio of copper, gold and molybdenum assets and a seasoned, competent and value-driven global team with a favorable long-term market outlook for our products. With the imminence of significantly higher production volumes, we have momentum to strengthen our balance sheet, increase returns to shareholders and grow our business in the coming years for the benefit of all stakeholders."

SUMMARY FINANCIAL DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in millions, except per share amounts)			
Revenues ^{a,b}	\$ 3,054	\$ 3,546	\$ 5,852	\$ 7,338
Operating income (loss) ^a	\$ 321	\$ 33	\$ (152)	\$ 354
Net income (loss) attributable to common stock ^{c,d}	\$ 53	\$ (72)	\$ (438)	\$ (41)
Diluted net income (loss) per share of common stock	\$ 0.03	\$ (0.05)	\$ (0.30)	\$ (0.03)
Diluted weighted-average common shares outstanding	1,458	1,451	1,453	1,451
Operating cash flow ^e	\$ 491	\$ 554	\$ 453	\$ 1,088
Capital expenditures	\$ 527	\$ 629	\$ 1,137	\$ 1,251
At June 30:				
Cash and cash equivalents	\$ 1,465	\$ 2,623	\$ 1,465	\$ 2,623
Total debt, including current portion	\$ 9,914	\$ 9,916	\$ 9,914	\$ 9,916

a. For segment financial results, refer to the supplemental schedules, "Business Segments," beginning on page X.

b. Includes favorable (unfavorable) adjustments to prior period provisionally priced concentrate and cathode copper sales totaling \$55 million (\$19 million to net income attributable to common stock or \$0.01 per share) in second-quarter 2020, \$(83) million (\$(35) million to net loss attributable to common stock or \$(0.02) per share) in second-quarter 2019, \$(102) million (\$(43) million to net loss attributable to common stock or \$(0.03) per share) for the first six months of 2020 and \$58 million (\$23 million to net loss attributable to common stock or \$0.02 per share) for the first six months of 2019. For further discussion, refer to the supplemental schedule, "Derivative Instruments," on page IX.

c. Includes net credits (charges) of \$9 million (\$0.01 per share) in second-quarter 2020, \$(14) million (\$(0.01) per share) in second-quarter 2019, \$(247) million (\$(0.17) per share) for the first six months of 2020 and \$(50) million (\$(0.03) per share) for the first six months of 2019 that are described in the supplemental schedule, "Adjusted Net Income (Loss)," on page VII.

d. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. For a summary of net impacts from changes in these deferrals, refer to the supplemental schedule, "Deferred Profits," on page IX.

e. Working capital and other sources totaled \$22 million in second-quarter 2020, \$304 million in second-quarter 2019, \$141 million for the first six months of 2020 and \$248 million for the first six months of 2019.

UPDATE ON APRIL 2020 REVISED OPERATING PLANS

On April 24, 2020, FCX announced revised operating plans in response to the global COVID-19 pandemic and resulting negative impact on the global economy. FCX proactively implemented operating protocols at each of its operating sites to contain and mitigate the risk of spread of COVID-19. FCX also continues to work closely with communities where it operates across the globe and has provided monetary support and in-kind contributions of medical supplies, equipment and food.

FCX's April 2020 revised operating plans continue to be focused on safeguarding its business in an uncertain public health and economic environment, advancing the ramp-up of underground production at Grasberg to establish large-scale, low-cost copper and gold production, and advancing initiatives in North America and South America to position FCX for significant increases in cash flows in 2021 and beyond.

As discussed below, during second-quarter 2020 FCX met or exceeded several key performance targets included in its April 2020 revised operating plans.

SUMMARY OPERATING DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Copper (millions of recoverable pounds)				
Production	767	776	1,498	1,556
Sales, excluding purchases	759	807	1,488	1,591
Average realized price per pound	\$ 2.55 ^a	\$ 2.75	\$ 2.53 ^a	\$ 2.78
Site production and delivery costs per pound ^b	\$ 1.82	\$ 2.26	\$ 2.00	\$ 2.21
Unit net cash costs per pound ^b	\$ 1.47	\$ 1.92	\$ 1.68	\$ 1.85
Gold (thousands of recoverable ounces)				
Production	191	160	347	326
Sales, excluding purchases	184	189	328	431
Average realized price per ounce	\$ 1,749	\$ 1,351	\$ 1,709	\$ 1,315
Molybdenum (millions of recoverable pounds)				
Production	19	25	38	48
Sales, excluding purchases	18	24	39	46
Average realized price per pound	\$ 10.53	\$ 13.15	\$ 10.84	\$ 12.93

a. Includes reductions to average realized prices of \$0.03 per pound of copper in second-quarter 2020 and \$0.02 per pound of copper for the first six months of 2020 related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound. There are no remaining forward sales contracts.

b. Reflects per pound weighted-average production and delivery costs and unit net cash costs (net of by-product credits) for all copper mines, before net noncash and other costs. For reconciliations of per pound unit costs by operating division to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XIII.

Consolidated Sales Volumes

Second-quarter 2020 **copper** sales of 759 million pounds were 10 percent higher than the April 2020 estimate, primarily reflecting better than anticipated production rates in Indonesia and North America and the timing of shipments at Cerro Verde. As anticipated, second-quarter 2020 copper sales were lower than second-quarter 2019 sales volumes of 807 million pounds of copper, primarily reflecting lower operating rates at Cerro Verde associated with COVID-19 restrictions.

Second-quarter 2020 **gold** sales of 184 thousand ounces were 12 percent higher than the April 2020 estimate, primarily reflecting stronger performance in Indonesia. Second-quarter 2020 gold sales were lower than second-quarter 2019 sales volumes of 189 thousand ounces of gold, primarily reflecting timing of shipments.

Second-quarter 2020 **molybdenum** sales of 18 million pounds were lower than the April 2020 estimate of 19 million pounds and second-quarter 2019 sales of 24 million pounds, primarily reflecting lower production in response to global market conditions.

Consolidated sales volumes for the year 2020 are expected to approximate 3.15 billion pounds of copper, 0.8 million ounces of gold and 77 million pounds of molybdenum, including 790 million pounds of copper, 220 thousand ounces of gold and 18 million pounds of molybdenum in third-quarter 2020. As PT Freeport Indonesia (PT-FI) continues to ramp-up production from its significant underground ore bodies, metal production is expected to improve significantly in 2021 with estimated consolidated sales of 3.8 billion pounds of copper and 1.4 million ounces of gold for the year 2021. Projected sales volumes are dependent on operational performance, impacts and duration of the COVID-19 pandemic, weather-related conditions, timing of shipments, and other factors.

Consolidated Unit Net Cash Costs

Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines of \$1.47 per pound of copper in second-quarter 2020, were lower than the April 2020 estimate of \$1.63 per pound, primarily reflecting higher copper and gold sales volumes and execution of cost reduction initiatives. As anticipated, consolidated average unit net cash costs in second-quarter 2020 of \$1.47 per pound were lower than the second-quarter 2019 average of \$1.92 per pound, primarily reflecting significantly lower unit costs at PT-FI and lower costs in North America and South America.

Assuming average prices of \$1,800 per ounce of gold and \$7.00 per pound of molybdenum for the second half of 2020 and achievement of current sales volume and cost estimates, consolidated unit net cash costs (net of by-product credits) for FCX's copper mines are expected to average \$1.53 per pound of copper for the year 2020, (including \$1.40 per pound of copper for the second half of 2020). The impact of price changes during the second half of 2020 on consolidated unit net cash costs for the year 2020 would approximate \$0.01 per pound of copper for each \$50 per ounce change in the average price of gold and \$0.01 per pound of copper for each \$2 per pound change in the average price of molybdenum. Quarterly unit net cash costs vary with fluctuations in sales volumes and realized prices, primarily for gold and molybdenum. FCX expects consolidated unit net cash costs to decline by 2021, following a ramp-up period at PT-FI.

MINING OPERATIONS

North America Copper Mines. FCX operates seven open-pit copper mines in North America - Morenci, Bagdad, Safford, Sierrita and Miami in Arizona, and Chino and Tyrone in New Mexico. In addition to copper, certain of these mines produce molybdenum concentrate, gold and silver. All of the North America mining operations are wholly owned, except for Morenci. FCX records its 72 percent undivided joint venture interest in Morenci using the proportionate consolidation method.

Operating and Development Activities. The April 2020 revised operating plans were effectively implemented across FCX's North America operating sites and production, costs and capital management were improved from April 2020 estimates. The Lone Star project is substantially complete and on track to produce approximately 200 million pounds of copper annually beginning in the second half of 2020.

The April 2020 revised operating plans take into account the impact of currently suspended operations at the Chino mine. FCX is currently assessing options and future timing of restart of the Chino mine, which will take into account public health and market conditions.

Operating Data. Following is summary consolidated operating data for the North America copper mines:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Copper (millions of recoverable pounds)				
Production	368	370	714	706
Sales, excluding purchases	368	369	723	689
Average realized price per pound	\$ 2.42 ^a	\$ 2.78	\$ 2.50 ^a	\$ 2.80
Molybdenum (millions of recoverable pounds)				
Production ^b	9	9	17	16
Unit net cash costs per pound of copper^c				
Site production and delivery, excluding adjustments	\$ 1.85 ^d	\$ 2.05	\$ 2.00 ^d	\$ 2.05
By-product credits	(0.17)	(0.26)	(0.19)	(0.26)
Treatment charges	0.10	0.11	0.10	0.11
Unit net cash costs	\$ 1.78	\$ 1.90	\$ 1.91	\$ 1.90

^a Includes reductions to average realized prices of \$0.06 per pound of copper in second-quarter 2020 and \$0.03 per pound of copper for the first six months of 2020 related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound. There are no remaining forward sales contracts.



- b. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at the North America copper mines.
- c. 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 the supplemental schedules, "Product Revenues and Production Costs," beginning on page XIII.
- d. Excludes charges totaling \$0.06 per pound of copper in second-quarter 2020 and \$0.03 per pound of copper for the first six months of 2020, primarily associated with idle facility and contract cancellation costs related to the COVID-19 pandemic and employee separation costs associated with the April 2020 revised operating plans.

North America's consolidated copper sales volumes of 368 million pounds in second-quarter 2020 approximated second-quarter 2019 copper sales volumes of 369 million pounds. North America copper sales are estimated to approximate 1.4 billion pounds for the year of 2020, similar to the year 2019.

Average unit net cash costs (net of by-product credits) for the North America copper mines of \$1.78 per pound of copper in second-quarter 2020 were lower than second-quarter 2019 unit net cash costs of \$1.90 per pound, primarily reflecting lower mining costs and cost reductions associated with the April 2020 revised operating plans.

Average unit net cash costs (net of by-product credits) for the North America copper mines are expected to approximate \$1.81 per pound of copper for the year 2020, based on achievement of current sales volume and cost estimates and assuming an average molybdenum price of \$7.00 per pound for the second half of 2020. North America's average unit net cash costs for the year 2020 would change by approximately \$0.02 per pound of copper for each \$2 per pound change in the average price of molybdenum for the second half of 2020.

South America Mining. FCX operates two copper mines in South America - Cerro Verde in Peru (in which FCX owns a 53.56 percent interest) and El Abra in Chile (in which FCX owns a 51 percent interest). These operations are consolidated in FCX's financial statements. In addition to copper, the Cerro Verde mine produces molybdenum concentrate and silver.

Operating and Development Activities. Significant progress was achieved at Cerro Verde during second-quarter 2020 to restore operations following COVID-19 restrictions imposed by the Peruvian government in March 2020. Strict health protocols have been implemented and a plan for Cerro Verde to restore operations was approved by the Peruvian government in second-quarter 2020. Cerro Verde's operating rates averaged 251,800 metric tons of ore per day in second-quarter 2020, including an average of 316,800 metric tons of ore per day in June 2020 (which is approximately 80 percent of the 2019 annual average). FCX currently expects operations during the second half of 2020 to average approximately 350,000 metric tons of ore per day. FCX is continuing to operate El Abra consistent with its April 2020 revised operating plans while closely monitoring public health conditions in Chile.

Operating Data. Following is summary consolidated operating data for South America mining:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Copper (millions of recoverable pounds)				
Production	218	281	463	580
Sales	219	287	466	577
Average realized price per pound	\$ 2.67	\$ 2.72	\$ 2.57	\$ 2.75
Molybdenum (millions of recoverable pounds)				
Production ^a	4	7	8	15
Unit net cash costs per pound of copper^b				
Site production and delivery, excluding adjustments	\$ 1.64 ^c	\$ 1.92	\$ 1.84 ^c	\$ 1.82
By-product credits	(0.11)	(0.28)	(0.14)	(0.31)
Treatment charges	0.15	0.18	0.15	0.19
Royalty on metals	—	0.01	—	0.01
Unit net cash costs	\$ 1.68	\$ 1.83	\$ 1.85	\$ 1.71

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- a. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at Cerro Verde.
- b. 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 the supplemental schedules, "Product Revenues and Production Costs," beginning on page XIII.
- c. Excludes charges totaling \$0.30 per pound of copper in second-quarter 2020 and \$0.18 per pound of copper for the first six months of 2020, primarily associated with idle facility (Cerro Verde) and contract cancellation costs related to the COVID-19 pandemic, and employee separation costs associated with the April 2020 revised operating plans.

South America's consolidated copper sales volumes of 219 million pounds in second-quarter 2020 were lower than second-quarter 2019 copper sales volumes of 287 million pounds, primarily reflecting lower operating rates at Cerro Verde associated with COVID-19 restrictions.

Sales from South America mining are expected to approximate 950 million pounds of copper for the year 2020, compared with 1.2 billion pounds of copper for the year 2019.

Average unit net cash costs (net of by-product credits) for South America mining of \$1.68 per pound of copper in second-quarter 2020 were lower than average unit net cash costs of \$1.83 per pound in second-quarter 2019, primarily reflecting reduced mining and milling activities at Cerro Verde, partly offset by lower sales volumes and lower by-product credits.

Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.92 per pound of copper for the year 2020, based on current sales volume and cost estimates and assuming an average price of \$7.00 per pound of molybdenum for the second half of 2020.

Indonesia Mining. PT-FI operates one of the world's largest copper and gold mines at the Grasberg minerals district in Papua, Indonesia. PT-FI produces copper concentrate that contains significant quantities of gold and silver. FCX has a 48.76 percent ownership interest in PT-FI and manages its mining operations. Under the terms of the shareholders agreement, FCX's economic interest in PT-FI approximates 81 percent through 2022. PT-FI's results are consolidated in FCX's financial statements.

Operating and Development Activities. The ramp-up of underground production at the Grasberg minerals district in Indonesia continues to advance on schedule. During second-quarter 2020, a total of 46 new drawbells were added at the Grasberg Block Cave and Deep Mill Level Zone (DMLZ) underground mines, bringing cumulative open drawbells to 261. Combined average daily production from Grasberg Block Cave and DMLZ mines totaled 54,800 metric tons of ore per day during second-quarter 2020, approximately 9 percent above the April 2020 estimate and 46 percent above the first-quarter 2020 average (and increased to a combined daily production average of approximately 70,000 metric tons of ore per day at the end of June 2020). PT-FI expects its 2021 copper and gold production to approximate 1.4 billion pounds of copper and 1.4 million ounces of gold, nearly double projected 2020 levels.

The successful completion of this ramp up is expected to enable PT-FI to generate average annual production for the next several years of 1.55 billion pounds of copper and 1.6 million ounces of gold at an average unit net cash cost of approximately \$0.20 per pound of copper assuming an average price of \$1,400 per ounce of gold and achievement of projected sales volumes and cost estimates.

PT-FI's estimated annual capital spending on underground mine development projects is expected to average approximately \$0.9 billion per year for the three-year period 2020 through 2022, net of scheduled contributions from PT Indonesia Asahan Aluminium (Paser) (PT Inalum). In accordance with applicable accounting guidance, aggregate costs (before scheduled contributions from PT Inalum), which are expected to average \$1.0 billion per year for the three-year period 2020 through 2022, will be reflected as an investing activity in FCX's cash flow statement, and contributions from PT Inalum will be reflected as a financing activity.

Indonesian Smelter. As a result of disruptions to work and travel schedules of international contractors and current restrictions on access to the proposed physical site in Gresik, Indonesia associated with COVID-19 mitigation measures, PT-FI has notified the Indonesian government of delays in achieving the completion timeline of December 2023. PT-FI continues to discuss with the Indonesian government a deferred schedule for the project as well as other alternatives in light of COVID-19 and global economic conditions.

Operating Data. Following is summary consolidated operating data for Indonesia mining:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Copper (millions of recoverable pounds)				
Production	181	125	321	270
Sales	172	151	299	325
Average realized price per pound	\$ 2.67	\$ 2.71	\$ 2.54	\$ 2.77
Gold (thousands of recoverable ounces)				
Production	189	154	341	316
Sales	180	185	319	420
Average realized price per ounce	\$ 1,748	\$ 1,350	\$ 1,709	\$ 1,314
Unit net cash costs per pound of copper^a				
Site production and delivery, excluding adjustments	\$ 2.00	\$ 3.40	\$ 2.29	\$ 3.24
Gold and silver credits	(1.95)	(1.69)	(1.91)	(1.75)
Treatment charges	0.27	0.26	0.28	0.28
Export duties	0.09	0.07	0.07	0.08
Royalty on metals	0.15	0.11	0.15	0.14
Unit net cash costs	\$ 0.56	\$ 2.15	\$ 0.88	\$ 1.99

a. 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 the supplemental schedules, "Product Revenues and Production Costs," beginning on page XIII.

b. Excludes COVID-19 related costs of \$0.03 per pound of copper in second-quarter 2020 and \$0.01 per pound of copper for the first six months of 2020.

PT-FI's consolidated copper sales of 172 million pounds in second-quarter 2020 were higher than second-quarter 2019 consolidated copper sales of 151 million pounds, primarily reflecting higher ore grades, partly offset by anticipated lower mill rates as PT-FI continues to ramp-up production from its underground ore bodies. PT-FI's consolidated gold sales of 180 thousand ounces in second-quarter 2020 were lower than second-quarter 2019 consolidated gold sales of 185 thousand ounces, primarily reflecting timing of shipments.

Consolidated sales volumes from PT-FI are expected to approximate 770 million pounds of copper and 0.8 million ounces of gold in 2020. As PT-FI continues to ramp-up production from its underground ore bodies, metal production is expected to improve significantly by 2021.

Because of the fixed nature of a large portion of PT-FI's costs, unit net cash costs can vary significantly from quarter to quarter depending on copper and gold volumes. PT-FI's unit net cash costs (net of gold and silver credits) of \$0.56 per pound of copper in second-quarter 2020, were significantly below unit net cash costs of \$2.15 per pound in second-quarter 2019, primarily reflecting reduced site production costs, higher gold prices and higher copper sales volumes. Site production and delivery costs in second-quarter 2019 included costs associated with mining the final phase of the Grasberg open pit.

Assuming an average gold price of \$1,800 per ounce for the second half of 2020 and achievement of current sales volume and cost estimates, unit net cash costs (including gold and silver credits) for PT-FI are expected to approximate \$0.54 per pound of copper for the year 2020 (including \$0.34 per pound of copper for the second half of 2020). The impact of price changes during the second half of 2020 on PT-FI's average unit net cash costs for the year 2020 would approximate \$0.03 per pound of copper for each \$50 per ounce change in the average price of gold.

Molybdenum Mines. FCX operates two wholly owned molybdenum mines in Colorado - the Henderson underground mine and the Climax open-pit mine. The Henderson and Climax mines produce high-purity, chemical-grade molybdenum concentrate, which is typically further processed into value-added molybdenum chemical products. The majority of the molybdenum concentrate produced at the Henderson and Climax mines, as well as from FCX's North America and South America copper mines, is processed at FCX's conversion facilities.

Production from the molybdenum mines of 6 million pounds of molybdenum in second-quarter 2020 was lower than production of 9 million pounds of molybdenum in second-quarter 2019, primarily reflecting lower production from the Climax mine in response to market conditions. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales and average realized prices, which includes sales of molybdenum produced at the Molybdenum mines and from FCX's North America and South America copper mines.

Operating and Development Activities. The April 2020 revised operating plans for FCX's molybdenum business have been effectively implemented, with site production and delivery costs declining by approximately 20 percent compared to first-quarter 2020.

Average unit net cash costs for the Molybdenum mines of \$8.97 per pound of molybdenum in second-quarter 2020 were lower than average unit net cash costs of \$9.15 per pound in second-quarter 2019, primarily reflecting lower operating costs associated with the April 2020 revised operating plans. Based on current sales volume and cost estimates, average unit net cash costs for the Molybdenum mines are expected to approximate \$10.20 per pound of molybdenum for the year 2020.

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 the supplemental schedules, "Product Revenues and Production Costs," beginning on page XIII.

EXPLORATION

FCX's April 2020 revised operating plans prioritize existing mine operations. Exploration expenditures for the year 2020 are expected to approximate \$30 million, approximately 60 percent below 2019 expenditures. FCX has long-lived reserves and a significant resource position in its existing portfolio.

CORPORATE ITEMS AND OTHER

During second-quarter 2020, FCX implemented a series of actions to reduce administrative and centralized support costs in conjunction with its April 2020 revised operating plans. Cost savings initiatives included a temporary reduction in certain employee benefits, the initiation of furloughs and an employee separation program, and reductions in third party service costs, facilities costs, travel and other expenses. During second-quarter 2020, FCX recognized charges totaling approximately \$82 million (\$60 million in production and delivery costs, \$15 million in selling, general and administrative costs, and \$7 million in mining exploration and research expenses) associated with the employee separation program. Annual savings associated with this program are expected to be in excess of \$100 million.

Selling, general and administrative expenses, excluding costs of the employee separation program, are expected to approximate \$355 million for the year 2020.

CASH FLOWS, CASH AND DEBT

Operating Cash Flows. FCX generated operating cash flows of \$491 million (including \$22 million of working capital and other sources) in second-quarter 2020 and \$453 million (including \$141 million of working capital and other sources) for the first six months of 2020.

Based on current sales volume and cost estimates, and assuming average prices of \$2.85 per pound of copper, \$1,800 per ounce of gold and \$7.00 per pound of molybdenum for the second half of 2020, FCX's consolidated operating cash flows are estimated to approximate \$2.6 billion (including \$0.5 billion of working capital and other sources) for the year 2020. The impact of price changes during the second half of 2020 on operating cash flows would approximate \$165 million for each \$0.10 per pound change in the average price of copper, \$25 million for each \$50 per ounce change in the average price of gold and \$35 million for each \$2 per pound change in the average price of molybdenum.

Capital Expenditures. Capital expenditures totaled \$0.5 billion in second-quarter 2020 (including approximately \$0.3 billion for major projects) and \$1.1 billion for the first six months of 2020 (including approximately \$0.6 billion for major projects).

Capital expenditures are expected to approximate \$2.0 billion for the year 2020, including \$1.3 billion for major projects primarily associated with underground development activities in the Grasberg minerals district and completion of the Lone Star copper leach project, and exclude estimates associated with the new smelter in Indonesia.

Cash. Following is a summary of the U.S. and international components of consolidated cash and cash equivalents available to the parent company, net of noncontrolling interests' share, taxes and other costs at June 30, 2020 (in billions):

Cash at domestic companies	\$	0.8
Cash at international operations		0.7
Total consolidated cash and cash equivalents		1.5
Noncontrolling interests' share		(0.3)
Cash, net of noncontrolling interests' share	\$	1.2
Withholding taxes		— ^a
Net cash available	\$	1.2

a. Rounds to less than \$0.1 billion.

Debt. Following is a summary of total debt and the weighted-average interest rates at June 30, 2020 (in millions, except percentages).

		Weighted- Average Interest Rate
Senior Notes	\$ 8,978	4.7%
Cerro Verde credit facility	827	2.1%
Other	109	1.9%
Total debt	\$ 9,914	4.5%

At June 30, 2020, FCX had no borrowings, \$13 million in letters of credit issued and \$3.5 billion available under its revolving credit facility and no senior note maturities until 2022.

In April 2020, FCX redeemed the remainder of its outstanding 4.00% Senior Notes due 2021 and recorded a second-quarter 2020 loss on early extinguishment of debt totaling \$9 million associated with the redemption.

In June 2020, FCX amended its revolving credit facility to provide additional flexibility on financial covenants. The key changes include a suspension of the total leverage ratio and the addition of a \$1.0 billion minimum liquidity requirement through second-quarter 2021, a reduction in the interest expense coverage ratio to a minimum of 2.0x through 2021, and additional restrictions on priority debt and liens, and the payment of dividends through 2021. FCX retained the option to revert to the previous covenant requirements if it determines additional flexibility is no longer needed.

On July 13, 2020, FCX priced \$1.5 billion of senior notes in two tranches (\$650 million of 4.375% Senior Notes due 2028 and \$850 million of 4.625% Senior Notes due 2030) in an underwritten registered public offering, which is expected to close on July 27, 2020, subject to customary closing conditions. FCX intends to use the net proceeds from the senior notes offering and, if necessary, cash on hand or available liquidity to fund its tender offers for up to \$1.5 billion aggregate purchase price of its 3.55% Senior Notes due 2022, 3.875% Senior Notes due 2023 and 4.55% Senior Notes due 2024. Any net proceeds not used for the tender offers will be used for general corporate purposes, which may include repurchases or redemptions of FCX's notes. These transactions will further enhance FCX's financial flexibility and extend the maturities of its outstanding indebtedness.

This press release is for informational purposes only and does not constitute an offer to purchase securities or a solicitation of an offer to sell any securities nor does it constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is unlawful.

FINANCIAL POLICY

FCX's financial policy will continue to prioritize liquidity and balance sheet management during this period of global economic turmoil associated with the COVID-19 pandemic. The Board of Directors (the Board) does not expect to declare common stock dividends during 2020. The declaration and payment of future dividends will be assessed on an ongoing basis, taking into account FCX's financial results, cash requirements, future prospects, global economic conditions, and other factors deemed relevant by the Board.

WEBCAST INFORMATION

A conference call with securities analysts to discuss FCX's second-quarter 2020 results is scheduled for today at 10:00 a.m. Eastern Time. The conference call will be broadcast on the Internet along with slides. Interested parties may listen to the conference call live and view the slides by accessing "fcx.com." A replay of the webcast will be available through Friday, August 21, 2020.

FCX is a leading international mining company with headquarters in Phoenix, Arizona. FCX operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. FCX is one of the world's largest publicly traded copper producers.

FCX's portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold deposits; and significant mining operations in North America and South America, including the large-scale Morenci minerals district in Arizona and the Cerro Verde operation in Peru. Additional information about FCX is available on FCX's website at "fcx.com."

Cautionary Statement and Regulation G Disclosure: This press release contains forward-looking statements in which FCX discusses its potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as plans, projections, or expectations relating to ore grades and milling rates; forecasts or expectations regarding business outlook; production and sales volumes; unit net cash costs; cash flows; capital expenditures; liquidity; operating costs; operating plans; cost savings; the consummation of the tender offers and the notes offering, including the use of proceeds therefrom, FCX's expectations regarding its share of PT-FI's net (loss) income and future cash flows through 2022; PT-FI's development, financing, construction and completion of a new smelter in Indonesia; improvements in operating procedures and technology; exploration efforts and results; development and production activities, rates and costs; tax rates; export quotas and duties; the impact of copper, gold and molybdenum price changes; the impact of deferred intercompany profits on earnings; reserve estimates; execution of the settlement agreement associated with the Louisiana coastal erosion cases; and future dividend payments, share purchases and sales. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "could," "to be," "potential," "assumptions," "guidance," "future" and any similar expressions are intended to identify those assertions as forward-looking statements. The declaration of future dividends is at the discretion of the Board and will depend on FCX's financial results, cash requirements, future prospects, and other factors deemed relevant by the Board. In accordance with the June 2020 amendment to the revolving credit facility, FCX is currently restricted from declaring or paying common stock dividends.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, 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, but are not limited to, FCX's ability to consummate the tender offers and the notes offering; corporate developments that could preclude, impair or delay the notes offering due to restrictions under the federal securities laws; changes in the credit ratings of FCX; changes in FCX's cash requirements, financial position, financing plans or investment plans; changes in general market, economic, tax, regulatory or industry conditions; the duration and scope of and uncertainties associated with the COVID-19 pandemic, and the impact thereof on commodity prices, FCX's business and the global economy, which are evolving and beyond FCX's control, and any related actions taken by governments and businesses; FCX's ability to contain and mitigate the risk of spread or major outbreak of COVID-19 at its operating sites, including at PT-FI's remote operating site in Papua; supply of and demand for, and prices of, copper, gold and molybdenum; mine sequencing; changes in mine plans or operational modifications; delays, deferrals or cancellations; production rates; timing of shipments; results of feasibility studies; potential inventory adjustments; potential impairment of long-lived mining assets; the potential effects of violence in Indonesia generally and in the province of Papua; the Indonesian government's extension of PT-FI's export license after March 15, 2021; risks associated with underground mining; satisfaction of requirements in accordance with PT-FI's special mining license (IUPK) to extend mining rights from 2031 through 2041; the Indonesian government's approval of a deferred schedule for completion of the new smelter in Indonesia; expected results from improvements in operating procedures and technology, including innovation initiatives; industry risks; regulatory changes; political and social risks; labor relations; weather- and climate-related risks; environmental risks; litigation results; cybersecurity incidents; changes in general market, economic and industry conditions; financial condition of FCX's customers, suppliers, vendors, partners and affiliates, particularly during weak economic conditions and extended periods of low commodity prices; reductions in liquidity and access to capital; 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, 2019, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, each filed with the U.S. Securities and Exchange Commission (SEC), as updated by FCX's subsequent filings with the SEC.

Investors are cautioned that many of the assumptions upon which FCX's forward-looking statements are based are likely to change after the forward-looking statements are made, including for example commodity prices, which FCX cannot control, and production volumes and costs, some aspects of which FCX may not be able to control. Further, FCX may make changes to its business plans that could affect its results. FCX cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, changes in business plans, actual experience or other changes, and FCX undertakes no obligation to update any forward-looking statements.

This press release also contains certain financial measures such as adjusted net income (loss) and unit net cash costs per pound of copper and molybdenum, which are not recognized under U.S. generally accepted accounting principles. As required by SEC Regulation G, reconciliations of these measures to amounts reported in FCX's consolidated financial statements are in the supplemental schedules of this press release.



Freeport-McMoRan Inc.
SELECTED OPERATING DATA

	Three Months Ended June 30,			
	2020	2019	2020	2019
	Production		Sales	
MINING OPERATIONS:				
COPPER (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
North America				
Morenci (72%) ^a	185	181	185	181
Bagdad (100%)	59	57	56	58
Safford (100%)	42	28	38	29
Sierrita (100%)	48	39	46	39
Miami (100%)	4	4	4	4
Chino (100%)	18	48	27	45
Tyrone (100%)	11	13	12	13
Other (100%)	1	—	—	—
Total North America	368	370	368	369
South America				
Cerro Verde (53.56%)	178	239	179	240
El Abra (51%)	40	42	40	47
Total South America	218	281	219	287
Indonesia				
Grasberg (48.76%) ^b	181	125	172	151
Total	767	776	759 ^c	807 ^c
Less noncontrolling interests	136	155	135	163
Net	631	621	624	644
Average realized price per pound			\$ 2.55 ^d	\$ 2.75
GOLD (thousands of recoverable ounces)				
<i>(FCX's net interest in %)</i>				
North America (100%)				
	2	6	4	4
Indonesia (48.76%)^b				
	189	154	180	185
Consolidated	191	160	184	189
Less noncontrolling interests	35	30	34	35
Net	156	130	150	154
Average realized price per ounce			\$ 1,749	\$ 1,351
MOLYBDENUM (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
Henderson (100%)	3	4	N/A	N/A
Climax (100%)	3	5	N/A	N/A
North America copper mines (100%) ^a	9	9	N/A	N/A
Cerro Verde (53.56%)	4	7	N/A	N/A
Consolidated	19	25	18	24
Less noncontrolling interests	2	3	2	4
Net	17	22	16	20
Average realized price per pound			\$ 10.53	\$ 13.15

a. Amounts are net of Morenci's joint venture partners' undivided interests.

b. FCX's economic interest in PT Freeport Indonesia (PT-FI) is expected to approximate 81 percent through 2022 and 48.76 percent thereafter.

c. Consolidated sales volumes exclude purchased copper of 71 million pounds in second-quarter 2020 and 114 million pounds in second-quarter 2019.

d. Includes a reduction to the average realized price of \$0.03 per pound of copper related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound.

Freeport-McMoRan Inc.
SELECTED OPERATING DATA (continued)

	Six Months Ended June 30,			
	2020	2019	2020	2019
	Production		Sales	
MINING OPERATIONS:				
Copper (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
North America				
Morenci (72%) ^a	358	348	363	337
Bagdad (100%)	105	112	104	109
Safford (100%)	71	56	66	56
Sierrita (100%)	89	75	87	73
Miami (100%)	8	7	8	7
Chino (100%)	60	83	71	82
Tyrone (100%)	22	25	23	25
Other (100%)	1	—	1	—
Total North America	714	706	723	689
South America				
Cerro Verde (53.56%)	381	500	385	496
El Abra (51%)	82	80	81	81
Total South America	463	580	466	577
Indonesia				
Grasberg (48.76%) ^b	321	270	299	325
Total	1,498	1,556	1,488 ^c	1,591 ^c
Less noncontrolling interests	277	322	275	331
Net	1,221	1,234	1,213	1,260
Average realized price per pound			\$ 2.53 ^d	\$ 2.78
Gold (thousands of recoverable ounces)				
<i>(FCX's net interest in %)</i>				
North America (100%)	6	10	9	11
Indonesia (48.76%) ^b	341	316	319	420
Consolidated	347	326	328	431
Less noncontrolling interests	64	60	60	79
Net	283	266	268	352
Average realized price per ounce			\$ 1,709	\$ 1,315
Molybdenum (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
Henderson (100%)	5	8	N/A	N/A
Climax (100%)	8	9	N/A	N/A
North America (100%) ^a	17	16	N/A	N/A
Cerro Verde (53.56%)	8	15	N/A	N/A
Consolidated	38	48	39	46
Less noncontrolling interests	4	7	5	7
Net	34	41	34	39
Average realized price per pound			\$ 10.84	\$ 12.93

a. Amounts are net of Morenci's joint venture partners' undivided interests.

b. FCX's economic interest in PT-FI is expected to approximate 81 percent through 2022 and 48.76 percent thereafter.

c. Consolidated sales volumes exclude purchased copper of 159 million pounds for the first six months of 2020 and 231 million pounds for the first six months of 2019.

d. Includes a reduction to the average realized price of \$0.02 per pound of copper related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound.

Freeport-McMoRan Inc.
SELECTED OPERATING DATA (continued)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
100% North America Copper Mines				
<u>Leach Operations</u>				
Leach ore placed in stockpiles (metric tons per day)	744,000	797,600	736,100	751,600
Average copper ore grade (percent)	0.28	0.23	0.28	0.23
Copper production (millions of recoverable pounds)	265	245	500	471
<u>Mill Operations</u>				
Ore milled (metric tons per day)	286,200	320,300	309,800	317,900
Average ore grades (percent):				
Copper	0.37	0.36	0.34	0.34
Molybdenum	0.02	0.02	0.02	0.02
Copper recovery rate (percent)	84.6	87.4	85.8	87.6
Production (millions of recoverable pounds):				
Copper	176	195	354	371
Molybdenum	9	9	17	17
100% South America Mining				
<u>Leach Operations</u>				
Leach ore placed in stockpiles (metric tons per day)	141,900	187,000	162,200	178,400
Average copper ore grade (percent)	0.33	0.38	0.35	0.36
Copper production (millions of recoverable pounds)	62	63	125	122
<u>Mill Operations</u>				
Ore milled (metric tons per day)	251,800 ^a	407,700	300,700 ^a	397,200
Average ore grades (percent):				
Copper	0.39	0.34	0.36	0.36
Molybdenum	0.01	0.02	0.01	0.02
Copper recovery rate (percent)	83.9	81.7	80.8	84.5
Production (millions of recoverable pounds):				
Copper	156	218	338	458
Molybdenum	4	7	8	15
100% Indonesia Mining				
Ore extracted and milled (metric tons per day):				
Grasberg open pit ^b	—	54,000	3,600	78,300
Deep Ore Zone underground mine ^c	21,600	21,100	20,900	25,700
Deep Mill Level Zone underground mine ^c	27,600	7,700	23,100	7,200
Grasberg Block Cave underground mine ^c	27,200	7,400	23,100	6,200
Big Gossan underground mine ^c	5,900	5,400	6,300	5,500
Total	81,900 ^d	95,600	77,000	122,900
Average ore grades:				
Copper (percent)	1.27	0.80	1.21	0.69
Gold (grams per metric ton)	1.04	0.79	1.02	0.66
Recovery rates (percent):				
Copper	91.7	88.3	91.7	86.3
Gold	78.3	74.9	77.6	71.6
Production (recoverable):				
Copper (millions of pounds)	181	125	321	270
Gold (thousands of ounces)	189	154	341	316
100% Molybdenum Mines				
Ore milled (metric tons per day)	23,500	35,200	25,200	31,500
Average molybdenum ore grade (percent)	0.16	0.15	0.16	0.16
Molybdenum production (millions of recoverable pounds)	6	9	13	17

a. Cerro Verde mill operations were negatively impacted by COVID-19 restrictions. Mill throughput rates averaged 316,800 metric tons of ore per day in June 2020.

b. Includes ore from the Grasberg open-pit stockpile.

c. Reflects ore extracted, including ore from development activities that result in metal production.

d. Does not foot because of rounding.

Freeport-McMoRan Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In Millions, Except Per Share Amounts)			
Revenues ^a	\$ 3,054	\$ 3,546	\$ 5,852	\$ 7,338
Cost of sales:				
Production and delivery	2,394 ^{b,c}	3,005	4,939 ^{b,c}	5,929
Depreciation, depletion and amortization	358 ^b	352	699 ^b	699
Metals inventory adjustments	(139)	2	83	59
Total cost of sales	2,613	3,359	5,721	6,687
Selling, general and administrative expenses	91 ^c	92	201 ^c	199
Mining exploration and research expenses	18 ^c	31	34 ^c	58
Environmental obligations and shutdown costs	11	23	37	65
Net loss (gain) on sales of assets	—	8	11	(25)
Total costs and expenses	2,733	3,513	6,004	6,984
Operating income (loss)	321	33	(152)	354
Interest expense, net ^d	(115)	(132)	(242)	(278)
Net loss on early extinguishment of debt	(9)	—	(41)	(6)
Other income, net	20	5	40	19
Income (loss) from continuing operations before income taxes and equity in affiliated companies' net earnings	217	(94)	(395)	89
(Provision for) benefit from income taxes ^e	(96)	15	(36)	(90)
Equity in affiliated companies' net earnings	3	5	6	2
Net income (loss) from continuing operations	124	(74)	(425)	1
Net gain from discontinued operations	—	—	—	1
Net income (loss)	124	(74)	(425)	2
Net (income) loss attributable to noncontrolling interests	(71)	2	(13)	(43)
Net income (loss) attributable to common stockholders ^f	\$ 53	\$ (72)	\$ (438)	\$ (41)
Diluted net income (loss) per share attributable to common stock:				
Continuing operations	\$ 0.03	\$ (0.05)	\$ (0.30)	\$ (0.03)
Discontinued operations	—	—	—	—
	\$ 0.03	\$ (0.05)	\$ (0.30)	\$ (0.03)
Weighted-average common shares outstanding:				
Basic	1,453	1,451	1,453	1,451
Diluted	1,458	1,451	1,453	1,451
Dividends declared per share of common stock	\$ —	\$ 0.05	\$ —	\$ 0.10

- a. Includes adjustments to provisionally priced concentrate and cathode sales. For a summary of adjustments to provisionally priced copper sales, refer to the supplemental schedule, "Derivative Instruments," on page IX.
- b. Includes COVID-19 related charges totaling \$114 million in second-quarter 2020 and \$142 million for the first six months of 2020, primarily associated with idle facility, contract cancellation and other charges, which are summarized in the supplemental schedule, "Adjusted Net Income (Loss)," on page VII.
- c. Includes charges totaling \$82 million associated with an employee separation program, which are summarized in the supplemental schedule, "Adjusted Net Income (Loss)," on page VII.
- d. Consolidated interest costs (before capitalization) totaled \$159 million in second-quarter 2020, \$167 million in second-quarter 2019, \$330 million for the first six months of 2020 and \$345 million for the first six months of 2019.
- e. For a summary of FCX's provision for income taxes, refer to the supplemental schedule, "Income Taxes," on page VIII.
- f. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. For a summary of net impacts from changes in these deferrals, refer to the supplemental schedule, "Deferred Profits," on page IX.

Freeport-McMoRan Inc.
CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2020	December 31, 2019
(In Millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,465	\$ 2,020
Trade accounts receivable	717	741
Income and other tax receivables	646	426
Inventories:		
Materials and supplies, net	1,604	1,649
Mill and leach stockpiles	1,030	1,143
Product	1,176	1,281
Other current assets	517	655
Total current assets	7,155	7,915
Property, plant, equipment and mine development costs, net	29,936	29,584
Long-term mill and leach stockpiles	1,446	1,425
Other assets	1,693	1,885
Total assets	\$ 40,230	\$ 40,809
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,471	\$ 2,576
Current portion of environmental and asset retirement obligations	298	436
Current portion of debt	90	5
Accrued income taxes	47	119
Dividends payable	—	73
Total current liabilities	2,906	3,209
Long-term debt, less current portion	9,824	9,821
Deferred income taxes	4,180	4,210
Environmental and asset retirement obligations, less current portion	3,767	3,630
Other liabilities	2,398	2,491
Total liabilities	23,075	23,361
Equity:		
Stockholders' equity:		
Common stock	158	158
Capital in excess of par value	25,905	25,830
Accumulated deficit	(12,718)	(12,280)
Accumulated other comprehensive loss	(652)	(676)
Common stock held in treasury	(3,739)	(3,734)
Total stockholders' equity	8,954	9,298
Noncontrolling interests ^a	8,201	8,150
Total equity	17,155	17,448
Total liabilities and equity	\$ 40,230	\$ 40,809

a. Includes \$4.6 billion associated with the December 2018 PT-FI transaction, including \$4.1 billion associated with the PT Indonesia Asahan Aluminium (Persero) acquisition of Rio Tinto's joint venture interest.

Freeport-McMoRan Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
	2020	2019
(In Millions)		
Cash flow from operating activities:		
Net (loss) income	\$ (425)	\$ 2
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, depletion and amortization	699	699
Metals inventory adjustments	83	59
Net loss (gain) on sales of assets	11	(25)
Stock-based compensation	43	40
Net charges for environmental and asset retirement obligations, including accretion	112	109
Payments for environmental and asset retirement obligations	(119)	(100)
Net charges for defined pension and postretirement plans	45	53
Pension plan contributions	(29)	(33)
Net loss on early extinguishment of debt	41	6
Deferred income taxes	(28)	20
PT-FI surface water tax settlement	—	28
Charges for Cerro Verde royalty dispute	15	28
Payments for Cerro Verde royalty dispute	(90)	(86)
Other, net	(46)	40
Changes in working capital and other:		
Accounts receivable	83	256
Inventories	168	254
Other current assets	(4)	(26)
Accounts payable and accrued liabilities	(73)	9
Accrued income taxes and timing of other tax payments	(33)	(245)
Net cash provided by operating activities	<u>453</u>	<u>1,088</u>
Cash flow from investing activities:		
Capital expenditures:		
North America copper mines	(332)	(417)
South America	(125)	(108)
Indonesia	(634)	(658)
Molybdenum mines	(11)	(6)
Other	(35)	(62)
Proceeds from sales of assets	116 ^a	94 ^b
Other, net	(5)	(10)
Net cash used in investing activities	<u>(1,026)</u>	<u>(1,167)</u>
Cash flow from financing activities:		
Proceeds from debt	1,585	328
Repayments of debt	(1,527)	(1,563)
Cash dividends and distributions paid:		
Common stock	(73)	(146)
Noncontrolling interests	—	(79)
Contributions from noncontrolling interests	74	100
Stock-based awards net payments	(4)	(6)
Debt financing costs and other, net	(31)	(4)
Net cash provided by (used in) financing activities	<u>24</u>	<u>(1,370)</u>
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(549)	(1,449)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	2,278	4,455
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period ^c	<u>\$ 1,729</u>	<u>\$ 3,006</u>

a. Includes \$60 million in contingent consideration associated with the 2016 sale of TF Holdings Limited because the average cobalt price exceeded \$20 per pound during the 24-month period ending December 31, 2019. Also includes the collection of \$45 million related to the sale of the Timok exploration assets in Serbia that were sold in late 2019.

b. Includes \$50 million in contingent consideration associated with the 2016 sale of onshore California oil & gas properties because the average oil price exceeded \$70 per barrel during 2018.

c. Includes restricted cash and restricted cash equivalents of \$264 million at June 30, 2020, and \$383 million at June 30, 2019.

Freeport-McMoRan Inc.
ADJUSTED NET INCOME (LOSS)

Adjusted net income (loss) is intended to provide investors and others with information about FCX's recurring operating performance. This information differs from net income (loss) attributable to common stock determined in accordance with U.S. generally accepted accounting principles (GAAP) and should not be considered in isolation or as a substitute for measures of performance determined in accordance with U.S. GAAP. FCX's adjusted net income (loss) follows, which may not be comparable to similarly titled measures reported by other companies (in millions, except per share amounts).

	Three Months Ended June 30,					
	2020			2019		
	Pre-tax	After-tax ^a	Per Share	Pre-tax	After-tax ^a	Per Share
Net income (loss) attributable to common stock	N/A	\$ 53	\$ 0.03	N/A	\$ (72)	\$ (0.05)
Metals inventory adjustments	\$ 139	\$ 101	\$ 0.07	\$ (2)	\$ (1)	\$ —
COVID-19 related costs	(114) ^b	(71)	(0.05)	—	—	—
Employee separation program	(82) ^c	(73)	(0.05)	—	—	—
PT-FI charges	—	—	—	(28) ^d	(14)	(0.01)
Other net credits (charges)	16 ^e	10	0.01	(2)	—	—
Net adjustments to environmental obligations and related litigation reserves	(1)	(1)	—	(9)	(9)	(0.01)
Net loss on sales of assets	—	—	—	(8)	(8)	(0.01)
Net loss on early extinguishment of debt	(9)	(9)	(0.01)	—	—	—
Net tax credits ^f	N/A	53	0.04	N/A	18	0.01
	\$ (52)^g	\$ 9^g	\$ 0.01	\$ (49)	\$ (14)	\$ (0.01)^g
Adjusted net income (loss) attributable to common stock	N/A	\$ 44	\$ 0.03^g	N/A	\$ (58)	\$ (0.04)

	Six Months Ended June 30,					
	2020			2019		
	Pre-tax	After-tax ^a	Per Share	Pre-tax	After-tax ^a	Per Share
Net loss attributable to common stock	N/A	\$ (438)	\$ (0.30)	N/A	\$ (41)	\$ (0.03)
Metals inventory adjustments	\$ (83)	\$ (81)	\$ (0.06)	\$ (59)	\$ (27)	\$ (0.02)
COVID-19 related costs	(142) ^b	(80)	(0.06)	—	—	—
Employee separation program	(82) ^c	(73)	(0.05)	—	—	—
PT-FI charges	—	—	—	(28) ^d	(14)	(0.01)
Other net credits (charges)	—	2	—	(24)	(10)	(0.01)
Net adjustments to environmental obligations and related litigation reserves	(15)	(15)	(0.01)	(44)	(44)	(0.03)
Net (loss) gain on sales of assets	(11)	(11)	(0.01)	25	25	0.02
Net loss on early extinguishment of debt	(41)	(41)	(0.03)	(6)	(5)	—
Net tax credits ^f	N/A	52	0.04	N/A	24	0.02
Gain on discontinued operations	—	—	—	1	1	—
	\$ (375)^g	\$ (247)	\$ (0.17)^g	\$ (135)	\$ (50)	\$ (0.03)
Adjusted net (loss) income attributable to common stock	N/A	\$ (191)	\$ (0.13)	N/A	\$ 9	\$ 0.01^g

a. Reflects impact to FCX net income (loss) attributable to common stock (i.e., net of any taxes and noncontrolling interests).

b. Includes charges recorded to production and delivery (\$93 million in second-quarter 2020 and \$113 million for the first six months of 2020) and to depreciation, depletion and amortization (\$21 million in second-quarter 2020 and \$29 million for the first six months of 2020) associated with idle facility costs, contract cancellation and other charges directly related to the COVID-19 pandemic.

c. The second-quarter and first six months of 2020 include employee separation costs recorded to production and delivery (\$60 million), selling, general and administrative (\$15 million), and mining exploration and research (\$7 million).

d. Reflects an adjustment to the settlement of the historical surface water tax disputes with the local regional tax authority in Papua, Indonesia.

e. Includes other net credits totaling \$1 million to production and delivery, \$1 million to interest expense and \$14 million to other income, net.

f. Refer to "Income Taxes" below for further discussion of net tax credits.

g. Does not foot because of rounding.

Freeport-McMoRan Inc.
INCOME TAXES

Following is a summary of the approximate amounts used in the calculation of FCX's consolidated income tax (provision) benefit (in millions, except percentages):

	Three Months Ended June 30,					
	2020			2019		
	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit
U.S. ^b	\$ (130)	42%	\$ 54 ^c	\$ (86)	21%	\$ 18 ^d
South America	145	31%	(45)	31	39%	(12)
Indonesia	188	42%	(79)	(92)	38%	35
Eliminations and other	14	N/A	(5)	53	N/A	(20)
Rate adjustment ^e	—	N/A	(21)	—	N/A	(6)
Continuing operations	<u>\$ 217</u>	44%	<u>\$ (96)</u>	<u>\$ (94)</u>	16%	<u>\$ 15</u>

	Six Months Ended June 30,					
	2020			2019		
	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit
U.S. ^b	\$ (581)	10%	\$ 58 ^c	\$ (183)	10%	\$ 19 ^d
South America	(57)	58%	33	294	40%	(117)
Indonesia	169	54%	(91) ^f	(13)	69%	9 ^g
Eliminations and other	74	N/A	(16)	(9)	N/A	(10)
Rate adjustment ^e	—	N/A	(20)	—	N/A	9
Continuing operations	<u>\$ (395)</u>	(9)% ^h	<u>\$ (36)</u>	<u>\$ 89</u>	101%	<u>\$ (90)</u>

a. Represents income (loss) from continuing operations before income taxes and equity in affiliated companies' net earnings.

b. In addition to FCX's North America mining operations, the U.S. jurisdiction reflects corporate-level expenses, which include interest expense associated with senior notes, general and administrative expenses, and environmental obligations and shutdown costs.

c. The second quarter and first six months of 2020 include a tax credit of \$53 million associated with the reversal of a year-end 2019 tax charge related to the sale of FCX's interest in the lower zone of the Timok exploration project in Serbia. The first six months of 2020 also includes a tax credit of \$6 million associated with the removal of a valuation allowance on deferred tax assets.

d. The second quarter and first six months of 2019 include tax credits totaling \$18 million primarily associated with state law changes.

e. In accordance with applicable accounting rules, FCX adjusts its interim provision for income taxes equal to its consolidated tax rate.

f. Includes a tax charge of \$8 million (\$7 million net of noncontrolling interest) associated with an unfavorable 2012 Indonesia Supreme Court ruling.

g. Includes a tax credit of \$8 million (\$6 million net of noncontrolling interest) associated with the reduction in PT-FI's statutory tax rates in accordance with its special mining license (IUPK).

h. FCX's consolidated effective income tax rate is a function of the combined effective tax rates for the jurisdictions in which FCX operates, excluding the U.S. jurisdiction. Because FCX's U.S. jurisdiction generated net losses in the first six months of 2020 that will not result in a realized tax benefit, applicable accounting rules require FCX to adjust its estimated annual effective tax rate to exclude the impact of U.S. net losses.

Assuming achievement of current sales volume and cost estimates and average prices of \$2.85 per pound for copper, \$1,800 per ounce for gold and \$7.00 per pound for molybdenum for the second half of 2020, FCX estimates its consolidated effective tax rate for the year 2020 would approximate 60 percent. Changes in sales volumes and average prices during 2020 would incur tax impacts at estimated effective rates of 38 percent for Indonesia, 37 percent for Peru and 0 percent for the U.S.

Variations in the relative proportions of jurisdictional income result in fluctuations to FCX's consolidated effective income tax rate. Because of FCX's U.S. tax position, it does not record a financial statement impact for income or losses generated in the U.S.

Freeport-McMoRan Inc.
DERIVATIVE INSTRUMENTS

For the six months ended June 30, 2020, FCX's mined copper was sold 46 percent in concentrate, 32 percent as cathode and 22 percent as rod from North America operations. Substantially all of FCX's copper concentrate and cathode sales contracts provide final copper pricing in a specified future month (generally one to four months from the shipment date) based primarily on quoted London Metal Exchange (LME) monthly average copper prices. FCX records revenues and invoices customers at the time of shipment based on then-current LME prices, which results in an embedded derivative on provisionally priced concentrate and cathode sales that is adjusted to fair value through earnings each period, using the period-end forward prices, until final pricing on the date of settlement. LME copper settlement prices averaged \$2.43 per pound during second-quarter 2020 and settled at \$2.74 per pound on June 30, 2020. Because a significant portion of FCX's copper concentrate and cathode sales in any quarterly period usually remain subject to final pricing, the quarter-end forward price is a major determinant of the average recorded copper price for the period. FCX's average realized copper price was \$2.55 per pound in second-quarter 2020.

Following is a summary of the adjustments to prior period and current period provisionally priced copper sales (in millions, except per share amounts):

	Three Months Ended June 30,					
	2020			2019		
	Prior Period ^a	Current Period ^b	Total	Prior Period ^a	Current Period ^b	Total
Revenues	\$ 55	\$ 107	\$ 162	\$ (83)	\$ (39)	\$ (122)
Net income (loss) attributable to common stock	\$ 19	\$ 43	\$ 62	\$ (35)	\$ (18)	\$ (53)
Net income (loss) per share of common stock	\$ 0.01	\$ 0.03	\$ 0.04	\$ (0.02)	\$ (0.01)	\$ (0.04)

a. Reflects adjustments to provisionally priced copper sales at March 31, 2020 and 2019.

b. Reflects adjustments to provisionally priced copper sales during the second quarters of 2020 and 2019.

	Six Months Ended June 30,					
	2020			2019		
	Prior Period ^a	Current Period ^b	Total	Prior Period ^a	Current Period ^b	Total
Revenues	\$ (102)	\$ 26	\$ (76)	\$ 58	\$ (58)	\$ —
Net loss attributable to common stock	\$ (43)	\$ 6	\$ (37)	\$ 23	\$ (27)	\$ (4)
Net loss per share of common stock	\$ (0.03)	\$ —	\$ (0.03)	\$ 0.02	\$ (0.02)	\$ —

a. Reflects adjustments to provisionally priced copper sales at December 31, 2019 and 2018.

b. Reflects adjustments to provisionally priced copper sales for the first six months of 2020 and 2019.

At June 30, 2020, FCX had provisionally priced copper sales at its copper mining operations totaling 183 million pounds of copper (net of intercompany sales and noncontrolling interests) recorded at an average price of \$2.73 per pound, subject to final pricing over the next several months. FCX estimates that each \$0.05 change in the price realized from the quarter-end provisional price would have an approximate \$6 million effect on 2020 net income attributable to common stock. The LME copper price settled at \$2.96 per pound on July 22, 2020.

DEFERRED PROFITS

FCX defers recognizing profits on sales from its mining operations to Atlantic Copper and on 25 percent of PT-FI's sales to PT Smelting (PT-FI's 25 percent-owned Indonesian smelting unit) until final sales to third parties occur. Changes in these deferrals attributable to variability in intercompany volumes resulted in net (reductions) additions to operating income (loss) totaling \$(17) million (\$(6) million to net income attributable to common stock) in second-quarter 2020, \$11 million (\$(2) million to net loss attributable to common stock) in second-quarter 2019, \$(6) million (\$1 million to net loss attributable to common stock) for the first six months of 2020 and \$(20) million (\$(15) million to net loss attributable to common stock) for the first six months of 2019. FCX's net deferred profits on its inventories at Atlantic Copper and PT Smelting to be recognized in future periods' net income attributable to common stock totaled \$28 million at June 30, 2020. Quarterly variations in ore grades, the timing of intercompany shipments and changes in product prices will result in variability in FCX's net deferred profits and quarterly earnings.

Freeport-McMoRan Inc.
BUSINESS SEGMENTS

FCX has organized its mining operations into four primary divisions – North America copper mines, South America mining, Indonesia mining and Molybdenum mines, and operating segments that meet certain thresholds are reportable segments. Separately disclosed in the following tables are FCX's reportable segments, which include the Morenci, Bagdad, Cerro Verde and Grasberg (Indonesia Mining) copper mines, the Rod & Refining operations and Atlantic Copper Smelting & Refining.

Intersegment sales between FCX's business segments are based on terms similar to arms-length transactions with third parties at the time of the sale. Intersegment sales may not be reflective of the actual prices ultimately realized because of a variety of factors, including additional processing, the timing of sales to unaffiliated customers and transportation premiums.

FCX allocates certain operating costs, expenses and capital expenditures to its operating divisions and individual segments. However, not all costs and expenses applicable to an operation are allocated. U.S. federal and state income taxes are recorded and managed at the corporate level (included in Corporate, Other & Eliminations), whereas foreign income taxes are recorded and managed at the applicable country level. In addition, most mining exploration and research activities are managed on a consolidated basis, and those costs along with some selling, general and administrative costs, are not allocated to the operating divisions or individual segments. Accordingly, the following segment information reflects management determinations that may not be indicative of what the actual financial performance of each operating division or segment would be if it was an independent entity.

Freeport-McMoRan Inc.
BUSINESS SEGMENTS (continued)

(In millions)

	North America Copper Mines				South America Mining			Indonesia Mining	Molybdenum Mines	Rod & Refining	Atlantic Copper Smelting & Refining	Corporate, Other & Eliminations	FCX Total
	Morenci	Bagdad	Other Mines	Total	Cerro Verde	Other Mines	Total						
Three Months Ended June 30, 2020													
Revenues:													
Unaffiliated customers	\$ 20	\$ —	\$ 16	\$ 36	\$ 471	\$ 106	\$ 577	\$ 683 ^a	\$ —	\$ 1,106	\$ 464	\$ 188 ^b	\$ 3,054
Intersegment	447	166	339	952 ^c	52	—	52	35	58	8	2	(1,107)	—
Production and delivery	348	118	321	787	334	104	438	378	61	1,138	446	(854)	2,394
Depreciation, depletion and amortization	43	13	33	89	88	14	102	124	15	6	7	15	358
Metals inventory adjustments	—	—	(89)	(89)	—	(57)	(57)	—	1	1	—	5	(139)
Selling, general and administrative expenses	—	—	1	1	1	—	1	28	—	—	5	56	91
Mining exploration and research expenses	—	—	1	1	—	—	—	—	—	—	—	17	18
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	—	11	11
Operating income (loss)	76	35	88	199	100	45	145	188	(19)	(31)	8	(169)	321
Interest expense, net	1	—	—	1	20	—	20	1	—	—	1	92	115
Provision for (benefit from) income taxes	—	—	—	—	29	16	45	78	—	—	1	(28)	96
Total assets at June 30, 2020	2,697	794	4,404	7,895	8,515	1,631	10,146	16,848	1,777	259	726	2,579	40,230
Capital expenditures	27	12	109	148	31	20	51	308	4	2	5	9	527
Three Months Ended June 30, 2019													
Revenues:													
Unaffiliated customers	\$ 16	\$ —	\$ 69	\$ 85	\$ 562	\$ 128	\$ 690	\$ 583 ^a	\$ —	\$ 1,171	\$ 546	\$ 471 ^b	\$ 3,546
Intersegment	491	204	340	1,035	71	—	71	(1)	109	4	—	(1,218)	—
Production and delivery	348	128	348	824	455	126	581	554	78	1,171	515	(718)	3,005
Depreciation, depletion and amortization	43	11	33	87	101	18	119	99	18	3	7	19	352
Metals inventory adjustments	—	—	1	1	—	—	—	—	—	—	—	1	2
Selling, general and administrative expenses	—	—	—	—	2	—	2	30	—	—	5	55	92
Mining exploration and research expenses	—	—	1	1	—	—	—	—	—	—	—	30	31
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	—	23	23
Net loss on sales of assets	—	—	—	—	—	—	—	—	—	—	—	8	8
Operating income (loss)	116	65	26	207	75	(16)	59	(101)	13	1	19	(165)	33
Interest expense, net	1	—	—	1	25	—	25	1	—	—	6	99	132
Provision for (benefit from) income taxes	—	—	—	—	20	(9)	11	(35)	—	—	2	7	(15)
Total assets at June 30, 2019	2,917	742	4,179	7,838	8,571	1,699	10,270	16,261	1,792	250	764	3,911	41,086
Capital expenditures	49	33	125	207	43	4	47	339	2	1	5	28	629

a. Includes PT-FI's sales to PT Smelting totaling \$433 million in second-quarter 2020 and \$470 million in second-quarter 2019.

b. Includes revenues from FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

c. Includes hedging losses totaling \$24 million related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound.

Freeport-McMoRan Inc.
BUSINESS SEGMENTS (continued)

(In millions)

	North America Copper Mines				South America Mining			Indonesia Mining	Molybdenum Mines	Rod & Refining	Atlantic Copper Smelting & Refining	Corporate, Other & Elimi- nations	FCX Total
	Morenci	Bagdad	Other		Cerro Verde	Other							
			Mines	Total		Mines	Total						
Six Months Ended June 30, 2020													
Revenues:													
Unaffiliated customers	\$ 22	\$ —	\$ 23	\$ 45	\$ 847	\$ 204	\$ 1,051	\$ 1,128 ^a	\$ —	\$ 2,221	\$ 893	\$ 514 ^b	\$ 5,852
Intersegment	889	325	714	1,928 ^c	90	—	90	35	129	16	13	(2,211)	—
Production and delivery	697	244	706	1,647	758	214	972	721	127	2,257	857	(1,642)	4,939
Depreciation, depletion and amortization	87	27	67	181	181	29	210	225	31	8	14	30	699
Metals inventory adjustments	4	—	52	56	—	3	3	—	5	1	—	18	83
Selling, general and administrative expenses	1	—	1	2	3	—	3	56	—	—	10	130	201
Mining exploration and research expenses	—	—	2	2	—	—	—	—	—	—	—	32	34
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	1	—	36	37
Net loss on sales of assets	—	—	—	—	—	—	—	—	—	—	—	11	11
Operating income (loss)	122	54	(91)	85	(5)	(42)	(47)	161	(34)	(30)	25	(312)	(152)
Interest expense, net	2	—	—	2	48	—	48	2	—	—	4	186	242
(Benefit from) provision for income taxes	—	—	—	—	(23)	(10)	(33)	90	—	—	1	(22)	36
Capital expenditures	71	37	224	332	90	35	125	634	11	4	11	20	1,137
Six Months Ended June 30, 2019													
Revenues:													
Unaffiliated customers	\$ 28	\$ —	\$ 164	\$ 192	\$ 1,289	\$ 226	\$ 1,515	\$ 1,288 ^a	\$ —	\$ 2,299	\$ 1,117	\$ 927 ^b	\$ 7,338
Intersegment	949	382	631	1,962	197	—	197	57	200	10	5	(2,431)	—
Production and delivery	643	248	676	1,567	894	226	1,120	1,110	149	2,304	1,067	(1,388)	5,929
Depreciation, depletion and amortization	83	21	66	170	201	32	233	204	34	5	14	39	699
Metals inventory adjustments	—	—	1	1	—	—	—	—	—	—	—	58	59
Selling, general and administrative expenses	1	—	1	2	4	—	4	60	—	—	10	123	199
Mining exploration and research expenses	—	—	1	1	—	—	—	—	—	—	—	57	58
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	—	65	65
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	—	(25)	(25)
Operating income (loss)	250	113	50	413	387	(32)	355	(29)	17	—	31	(433)	354
Interest expense, net	2	—	—	2	54	—	54	1	—	—	12	209	278
Provision for (benefit from) income taxes	—	—	—	—	130	(14)	116	(9)	—	—	3	(20)	90
Capital expenditures	111	58	248	417	99	9	108	658	6	2	9	51	1,251

a. Includes PT-FI's sales to PT Smelting totaling \$813 million for the first six months of 2020 and \$879 million for the first six months of 2019.

b. Includes revenues from FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

c. Includes hedging losses totaling \$24 million related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS

Unit net cash costs per pound of copper and molybdenum are measures intended to provide investors with information about the cash-generating capacity of FCX's mining operations expressed on a basis relating to the primary metal product for the respective operations. FCX uses this measure for the same purpose and for monitoring operating performance by its mining operations. This information differs from measures of performance determined in accordance with U.S. GAAP and should not be considered in isolation or as a substitute for measures of performance determined in accordance with U.S. GAAP. These measures are presented by other metals mining companies, although FCX's measures may not be comparable to similarly titled measures reported by other companies.

FCX presents gross profit (loss) per pound of copper in the following tables using both a "by-product" method and a "co-product" method. FCX uses the by-product method in its presentation of gross profit (loss) per pound of copper because (i) the majority of its revenues are copper revenues, (ii) it mines ore, which contains copper, gold, molybdenum and other metals, (iii) it is not possible to specifically assign all of FCX's costs to revenues from the copper, gold, molybdenum and other metals it produces and (iv) it is the method used by FCX's management and Board of Directors to monitor FCX's mining operations and to compare mining operations in certain industry publications. In the co-product method presentations, shared costs are allocated to the different products based on their relative revenue values, which will vary to the extent FCX's metals sales volumes and realized prices change.

FCX shows revenue adjustments for prior period open sales as a separate line item. Because these adjustments do not result from current period sales, these amounts have been reflected separately from revenues on current period sales. Noncash and other costs, which are removed from site production and delivery costs in the calculation of unit net cash costs, consist of items such as stock-based compensation costs, inventory adjustments, long-lived asset impairments, idle facility costs, restructuring and/or unusual charges. As discussed above, gold, molybdenum and other metal revenues at copper mines are reflected as credits against site production and delivery costs in the by-product method. The following schedules are presentations under both the by-product and co-product methods together with reconciliations to amounts reported in FCX's consolidated financial statements.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2020

(In millions)

	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 888 ^c	\$ 888	\$ 71	\$ 18	\$ 977
Site production and delivery, before net noncash and other costs shown below	678	636	57	10	703
By-product credits	(64)	—	—	—	—
Treatment charges	37	36	—	1	37
Net cash costs	651	672	57	11	740
Depreciation, depletion and amortization (DD&A)	88	82	5	1	88
Metals inventory adjustments	(89)	(89)	—	—	(89)
Noncash and other costs, net	36 ^d	34	1	1	36
Total costs	686	699	63	13	775
Other revenue adjustments, primarily for pricing on prior period open sales	6	6	—	—	6
Gross profit	\$ 208	\$ 195	\$ 8	\$ 5	\$ 208

Copper sales (millions of recoverable pounds)	368	368		
Molybdenum sales (millions of recoverable pounds) ^e			9	

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.42 ^c	\$ 2.42	\$ 8.33
Site production and delivery, before net noncash and other costs shown below	1.85	1.73	6.76
By-product credits	(0.17)	—	—
Treatment charges	0.10	0.10	—
Unit net cash costs	1.78	1.83	6.76
DD&A	0.24	0.22	0.55
Metals inventory adjustments	(0.24)	(0.24)	—
Noncash and other costs, net	0.09 ^d	0.09	0.08
Total unit costs	1.87	1.90	7.39
Other revenue adjustments, primarily for pricing on prior period open sales	0.02	0.02	—
Gross profit per pound	\$ 0.57	\$ 0.54	\$ 0.94

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A	Metals Inventory Adjustments
Totals presented above	\$ 977	\$ 703	\$ 88	\$ (89)
Treatment charges	(2)	35	—	—
Noncash and other costs, net	—	36	—	—
Other revenue adjustments, primarily for pricing on prior period open sales	6	—	—	—
Eliminations and other	7	13	1	—
North America copper mines	988	787	89	(89)
Other mining ^e	2,985	2,461	254	(55)
Corporate, other & eliminations	(919)	(854)	15	5
As reported in FCX's consolidated financial statements	\$ 3,054	\$ 2,394	\$ 358	\$ (139)

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Includes reductions to revenues and average realized prices totaling \$24 million (\$0.06 per pound of copper) related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound.

d. Includes charges totaling \$22 million (\$0.06 per pound of copper) primarily associated with idle facility and contract cancellation costs related to the COVID-19 pandemic and employee separation costs associated with April 2020 revised operating plans.

e. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2019

(In millions)

	By-Product	Co-Product Method			Total
	Method	Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 1,026	\$ 1,026	\$ 103	\$ 20	\$ 1,149
Site production and delivery, before net noncash and other costs shown below	758	692	79	13	784
By-product credits	(97)	—	—	—	—
Treatment charges	40	39	—	1	40
Net cash costs	701	731	79	14	824
DD&A	88	79	7	2	88
Metals inventory adjustments	1	1	—	—	1
Noncash and other costs, net	9	7	2	—	9
Total costs	799	818	88	16	922
Other revenue adjustments, primarily for pricing on prior period open sales	(16)	(16)	—	—	(16)
Gross profit	\$ 211	\$ 192	\$ 15	\$ 4	\$ 211
Copper sales (millions of recoverable pounds)	369	369			
Molybdenum sales (millions of recoverable pounds) ^c			9		

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.78	\$ 2.78	\$ 12.39
Site production and delivery, before net noncash and other costs shown below	2.05	1.88	9.53
By-product credits	(0.26)	—	—
Treatment charges	0.11	0.10	—
Unit net cash costs	1.90	1.98	9.53
DD&A	0.24	0.22	0.77
Metals inventory adjustments	—	—	—
Noncash and other costs, net	0.03	0.02	0.23
Total unit costs	2.17	2.22	10.53
Other revenue adjustments, primarily for pricing on prior period open sales	(0.04)	(0.04)	—
Gross profit per pound	\$ 0.57	\$ 0.52	\$ 1.86

Reconciliation to Amounts Reported

	Production		Metals	
	Revenues	and Delivery	DD&A	Inventory Adjustments
Totals presented above	\$ 1,149	\$ 784	\$ 88	\$ 1
Treatment charges	(19)	21	—	—
Noncash and other costs, net	—	9	—	—
Other revenue adjustments, primarily for pricing on prior period open sales	(16)	—	—	—
Eliminations and other	6	10	(1)	—
North America copper mines	1,120	824	87	1
Other mining ^c	3,173	2,899	246	—
Corporate, other & eliminations	(747)	(718)	19	1
As reported in FCX's consolidated financial statements	\$ 3,546	\$ 3,005	\$ 352	\$ 2

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Six Months Ended June 30, 2020

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 1,799 ^c	\$ 1,799	\$ 147	\$ 44	\$ 1,990
Site production and delivery, before net noncash and other costs shown below	1,439	1,333	128	28	1,489
By-product credits	(141)	—	—	—	—
Treatment charges	76	73	—	3	76
Net cash costs	1,374	1,406	128	31	1,565
DD&A	180	166	10	4	180
Metals inventory adjustments	56	54	—	2	56
Noncash and other costs, net	69 ^d	65	2	2	69
Total costs	1,679	1,691	140	39	1,870
Other revenue adjustments, primarily for pricing on prior period open sales	(22)	(22)	—	—	(22)
Gross profit	\$ 98	\$ 86	\$ 7	\$ 5	\$ 98
Copper sales (millions of recoverable pounds)	722	722			
Molybdenum sales (millions of recoverable pounds) ^e			17		
Gross profit per pound of copper/molybdenum:					
Revenues, excluding adjustments	\$ 2.50 ^c	\$ 2.50	\$ 8.99		
Site production and delivery, before net noncash and other costs shown below	2.00	1.85	7.81		
By-product credits	(0.19)	—	—		
Treatment charges	0.10	0.10	—		
Unit net cash costs	1.91	1.95	7.81		
DD&A	0.25	0.23	0.64		
Metals inventory adjustments	0.08	0.07	—		
Noncash and other costs, net	0.09 ^d	0.09	0.15		
Total unit costs	2.33	2.34	8.60		
Other revenue adjustments, primarily for pricing on prior period open sales	(0.03)	(0.03)	—		
Gross profit per pound	\$ 0.14	\$ 0.13	\$ 0.39		

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A	Metals Inventory Adjustments
Totals presented above	\$ 1,990	\$ 1,489	\$ 180	\$ 56
Treatment charges	(10)	66	—	—
Noncash and other costs, net	—	69	—	—
Other revenue adjustments, primarily for pricing on prior period open sales	(22)	—	—	—
Eliminations and other	15	23	1	—
North America copper mines	1,973	1,647	181	56
Other mining ^e	5,576	4,934	488	9
Corporate, other & eliminations	(1,697)	(1,642)	30	18
As reported in FCX's consolidated financial statements	\$ 5,852	\$ 4,939	\$ 699	\$ 83

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Includes reductions to revenues and average realized prices totaling \$24 million (\$0.03 per pound of copper) related to forward sales contracts covering 150 million pounds of copper sales for May and June 2020 at a fixed price of \$2.34 per pound.

d. Includes charges totaling \$22 million (\$0.03 per pound of copper) primarily associated with idle facility and contract cancellation costs related to the COVID-19 pandemic and employee separation costs associated with the April 2020 revised operating plans.

e. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Six Months Ended June 30, 2019

	By-Product		Co-Product Method		
	Method	Copper	Molybdenum ^a	Other ^b	Total
Revenues, excluding adjustments	\$ 1,931	\$ 1,931	\$ 190	\$ 43	\$ 2,164
Site production and delivery, before net noncash and other costs shown below	1,416	1,288	153	28	1,469
By-product credits	(180)	—	—	—	—
Treatment charges	76	73	—	3	76
Net cash costs	1,312	1,361	153	31	1,545
DD&A	170	155	12	3	170
Metals inventory adjustments	1	1	—	—	1
Noncash and other costs, net	32	28	3	1	32
Total costs	1,515	1,545	168	35	1,748
Other revenue adjustments, primarily for pricing on prior period open sales	4	4	—	—	4
Gross profit	\$ 420	\$ 390	\$ 22	\$ 8	\$ 420

Copper sales (millions of recoverable pounds)

689

Molybdenum sales (millions of recoverable pounds)^a

16

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.80	\$ 2.80	\$ 12.06
Site production and delivery, before net noncash and other costs shown below	2.05	1.87	9.69
By-product credits	(0.26)	—	—
Treatment charges	0.11	0.11	—
Unit net cash costs	1.90	1.98	9.69
DD&A	0.25	0.22	0.75
Metals inventory adjustments	—	—	—
Noncash and other costs, net	0.05	0.04	0.22
Total unit costs	2.20	2.24	10.66
Other revenue adjustments, primarily for pricing on prior period open sales	0.01	0.01	—
Gross profit per pound	\$ 0.61	\$ 0.57	\$ 1.40

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A	Metals Inventory Adjustments
Totals presented above	\$ 2,164	\$ 1,469	\$ 170	\$ 1
Treatment charges	(32)	44	—	—
Noncash and other costs, net	—	32	—	—
Other revenue adjustments, primarily for pricing on prior period open sales	4	—	—	—
Eliminations and other	18	22	—	—
North America copper mines	2,154	1,567	170	1
Other mining ^c	6,688	5,750	490	—
Corporate, other & eliminations	(1,504)	(1,388)	39	58
As reported in FCX's consolidated financial statements	\$ 7,338	\$ 5,929	\$ 699	\$ 59

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

South America Mining Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2020

(In millions)

	By-Product		Co-Product Method		Total
	Method	Copper	Other ^a		
Revenues, excluding adjustments	\$ 586	\$ 586	\$ 32	\$	618
Site production and delivery, before net noncash and other costs shown below	360	343	24		367
By-product credits	(25)	—	—		—
Treatment charges	32	32	—		32
Royalty on metals	1	1	—		1
Net cash costs	368	376	24		400
DD&A	103	98	5		103
Metals inventory adjustments	(57)	(57)	—		(57)
Noncash and other costs, net	71 ^b	67	4		71
Total costs	485	484	33		517
Other revenue adjustments, primarily for pricing on prior period open sales	44	44	—		44
Gross profit (loss)	\$ 145	\$ 146	\$ (1)	\$	145
Copper sales (millions of recoverable pounds)	219	219			
Gross profit per pound of copper:					
Revenues, excluding adjustments	\$ 2.67	\$ 2.67			
Site production and delivery, before net noncash and other costs shown below	1.64	1.57			
By-product credits	(0.11)	—			
Treatment charges	0.15	0.15			
Royalty on metals	—	—			
Unit net cash costs	1.68	1.72			
DD&A	0.47	0.44			
Metals inventory adjustments	(0.26)	(0.26)			
Noncash and other costs, net	0.32 ^b	0.30			
Total unit costs	2.21	2.20			
Other revenue adjustments, primarily for pricing on prior period open sales	0.20	0.20			
Gross profit per pound	\$ 0.66	\$ 0.67			

Reconciliation to Amounts Reported

	Production			Metals	
	Revenues	and Delivery	DD&A	Inventory	Adjustments
Totals presented above	\$ 618	\$ 367	\$ 103	\$	(57)
Treatment charges	(32)	—	—		—
Royalty on metals	(1)	—	—		—
Noncash and other costs, net	—	71	—		—
Other revenue adjustments, primarily for pricing on prior period open sales	44	—	—		—
Eliminations and other	—	—	(1)		—
South America mining	629	438	102		(57)
Other mining ^c	3,344	2,810	241		(87)
Corporate, other & eliminations	(919)	(854)	15		5
As reported in FCX's consolidated financial statements	\$ 3,054	\$ 2,394	\$ 358	\$	(139)

a. Includes silver sales of 0.6 million ounces (\$14.55 per ounce average realized price). Also reflects sales of molybdenum produced by Cerro Verde to FCX's molybdenum sales company at market-based pricing.

b. Includes charges totaling \$66 million (\$0.30 per pound of copper), primarily associated with idle facility (Cerro Verde) and contract cancellation costs related to the COVID-19 pandemic, and employee separation costs associated with the April 2020 revised operating plans.

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

South America Mining Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2019

(In millions)

	By-Product Method	Co-Product Method		
		Copper	Other ^a	Total
Revenues, excluding adjustments	\$ 781	\$ 781	\$ 92	\$ 873
Site production and delivery, before net noncash and other costs shown below	550	498	64	562
By-product credits	(80)	—	—	—
Treatment charges	52	52	—	52
Royalty on metals	2	2	—	2
Net cash costs	524	552	64	616
DD&A	119	107	12	119
Noncash and other costs, net	21	20	1	21
Total costs	664	679	77	756
Other revenue adjustments, primarily for pricing on prior period open sales	(57)	(57)	—	(57)
Gross profit	\$ 60	\$ 45	\$ 15	\$ 60

Copper sales (millions of recoverable pounds) 287 287

Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 2.72	\$ 2.72
Site production and delivery, before net noncash and other costs shown below	1.92	1.74
By-product credits	(0.28)	—
Treatment charges	0.18	0.18
Royalty on metals	0.01	0.01
Unit net cash costs	1.83	1.93
DD&A	0.41	0.37
Noncash and other costs, net	0.07	0.07
Total unit costs	2.31	2.37
Other revenue adjustments, primarily for pricing on prior period open sales	(0.20)	(0.20)
Gross profit per pound	\$ 0.21	\$ 0.15

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 873	\$ 562	\$ 119
Treatment charges	(52)	—	—
Royalty on metals	(2)	—	—
Noncash and other costs, net	—	21	—
Other revenue adjustments, primarily for pricing on prior period open sales	(57)	—	—
Eliminations and other	(1)	(2)	—
South America mining	761	581	119
Other mining ^b	3,532	3,142	214
Corporate, other & eliminations	(747)	(718)	19
As reported in FCX's consolidated financial statements	\$ 3,546	\$ 3,005	\$ 352

- a. Includes silver sales of 1.2 million ounces (\$15.39 per ounce average realized price). Also reflects sales of molybdenum produced by Cerro Verde to FCX's molybdenum sales company at market-based pricing.
b. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

South America Mining Product Revenues, Production Costs and Unit Net Cash Costs

Six Months Ended June 30, 2019

(In millions)

	By-Product		Co-Product Method		Total	
	Method		Copper	Other ^a		
Revenues, excluding adjustments	\$	1,584	\$	1,584	\$	1,788
Site production and delivery, before net noncash and other costs shown below		1,053		949		1,078
By-product credits		(179)		—		—
Treatment charges		108		108		108
Royalty on metals		3		3		3
Net cash costs		985		1,060		1,189
DD&A		233		207		233
Noncash and other costs, net		46		45		46
Total costs		1,264		1,312		1,468
Other revenue adjustments, primarily for pricing on prior period open sales		37		37		37
Gross profit	\$	357	\$	309	\$	357

Copper sales (millions of recoverable pounds)	577	577
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Gross profit per pound of copper:

Revenues, excluding adjustments	\$	2.75	\$	2.75
Site production and delivery, before net noncash and other costs shown below		1.82		1.64
By-product credits		(0.31)		—
Treatment charges		0.19		0.19
Royalty on metals		0.01		0.01
Unit net cash costs		1.71		1.84
DD&A		0.40		0.35
Noncash and other costs, net		0.08		0.08
Total unit costs		2.19		2.27
Other revenue adjustments, primarily for pricing on prior period open sales		0.06		0.06
Gross profit per pound	\$	0.62	\$	0.54

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A			
Totals presented above	\$	1,788	\$	1,078	\$	233
Treatment charges		(108)		—		—
Royalty on metals		(3)		—		—
Noncash and other costs, net		—		46		—
Other revenue adjustments, primarily for pricing on prior period open sales		37		—		—
Eliminations and other		(2)		(4)		—
South America mining		1,712		1,120		233
Other mining ^b		7,130		6,197		427
Corporate, other & eliminations		(1,504)		(1,388)		39
As reported in FCX's consolidated financial statements	\$	7,338	\$	5,929	\$	699

a. Includes silver sales of 2.5 million ounces (\$15.58 per ounce average realized price). Also reflects sales of molybdenum produced by Cerro Verde to FCX's molybdenum sales company at market-based pricing.

b. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2020

(In millions)

	By-Product	Co-Product Method			
	Method	Copper	Gold	Silver ^a	Total
Revenues, excluding adjustments	\$ 458	\$ 458	\$ 315	\$ 13	\$ 786
Site production and delivery, before net noncash and other costs shown below	345	201	138	6	345
Gold and silver credits	(336)	—	—	—	—
Treatment charges	47	27	19	1	47
Export duties	16	10	6	—	16
Royalty on metals	25	13	12	—	25
Net cash costs	97	251	175	7	433
DD&A	124	72	50	2	124
Noncash and other costs, net	8 ^b	5	3	—	8
Total costs	229	328	228	9	565
Other revenue adjustments, primarily for pricing on prior period open sales	12	12	7	1	20
PT Smelting intercompany loss	(25)	(15)	(10)	—	(25)
Gross profit	\$ 216	\$ 127	\$ 84	\$ 5	\$ 216

Copper sales (millions of recoverable pounds) 172

Gold sales (thousands of recoverable ounces) 180

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.67	\$ 2.67	\$ 1.748
Site production and delivery, before net noncash and other costs shown below	2.00	1.17	766
Gold and silver credits	(1.95)	—	—
Treatment charges	0.27	0.16	105
Export duties	0.09	0.05	35
Royalty on metals	0.15	0.08	65
Unit net cash costs	0.56	1.46	971
DD&A	0.72	0.42	276
Noncash and other costs, net	0.05 ^b	0.03	17
Total unit costs	1.33	1.91	1,264
Other revenue adjustments, primarily for pricing on prior period open sales	0.07	0.07	41
PT Smelting intercompany loss	(0.15)	(0.09)	(57)
Gross profit per pound/ounce	\$ 1.26	\$ 0.74	\$ 468

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 786	\$ 345	\$ 124
Treatment charges	(47)	—	—
Export duties	(16)	—	—
Royalty on metals	(25)	—	—
Noncash and other costs, net	—	8	—
Other revenue adjustments, primarily for pricing on prior period open sales	20	—	—
PT Smelting intercompany loss	—	25	—
Indonesia mining	718	378	124
Other mining ^c	3,255	2,870	219
Corporate, other & eliminations	(919)	(854)	15
As reported in FCX's consolidated financial statements	\$ 3,054	\$ 2,394	\$ 358

a. Includes silver sales of 0.8 million ounces (\$17.09 per ounce average realized price).

b. Includes COVID-19 related costs totaling \$4 million (\$0.03 per pound of copper).

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2019

(In millions)

	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 412	\$ 412	\$ 250	\$ 8	\$ 670
Site production and delivery, before net noncash and other costs shown below	516	317	193	6	516
Gold and silver credits	(256)	—	—	—	—
Treatment charges	40	25	14	1	40
Export duties	10	6	4	—	10
Royalty on metals	17	12	5	—	17
Net cash costs	327	360	216	7	583
DD&A	99	61	37	1	99
Noncash and other costs, net	45 ^b	28	17	—	45
Total costs	471	449	270	8	727
Other revenue adjustments, primarily for pricing on prior period open sales	(19)	(19)	(2)	—	(21)
PT Smelting intercompany profit	7	4	3	—	7
Gross loss	\$ (71)	\$ (52)	\$ (19)	\$ —	\$ (71)

Copper sales (millions of recoverable pounds) 151

Gold sales (thousands of recoverable ounces) 185

Gross loss per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.71	\$ 2.71	\$ 1,350
Site production and delivery, before net noncash and other costs shown below	3.40	2.09	1,041
Gold and silver credits	(1.69)	—	—
Treatment charges	0.26	0.16	80
Export duties	0.07	0.04	20
Royalty on metals	0.11	0.08	28
Unit net cash costs	2.15	2.37	1,169
DD&A	0.65	0.40	199
Noncash and other costs, net	0.30 ^b	0.18	91
Total unit costs	3.10	2.95	1,459
Other revenue adjustments, primarily for pricing on prior period open sales	(0.13)	(0.13)	(7)
PT Smelting intercompany profit	0.06	0.03	16
Gross loss per pound/ounce	\$ (0.46)	\$ (0.34)	\$ (100)

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 670	\$ 516	\$ 99
Treatment charges	(40)	—	—
Export duties	(10)	—	—
Royalty on metals	(17)	—	—
Noncash and other costs, net	—	45	—
Other revenue adjustments, primarily for pricing on prior period open sales	(21)	—	—
PT Smelting intercompany profit	—	(7)	—
Indonesia mining	582	554	99
Other mining ^c	3,711	3,169	234
Corporate, other & eliminations	(747)	(718)	19
As reported in FCX's consolidated financial statements	\$ 3,546	\$ 3,005	\$ 352

a. Includes silver sales of 0.5 million ounces (\$14.57 per ounce average realized price).

b. Includes charges of \$28 million (\$0.18 per pound of copper) associated with adjustments to the settlement of the historical surface water tax disputes with the local regional tax authority in Papua, Indonesia.

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash Costs

Six Months Ended June 30, 2020

(In millions)

	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 760	\$ 760	\$ 545	\$ 22	\$ 1,327
Site production and delivery, before net noncash and other costs shown below	686	393	282	11	686
Gold and silver credits	(572)	—	—	—	—
Treatment charges	85	49	35	1	85
Export duties	20	11	8	1	20
Royalty on metals	44	25	19	—	44
Net cash costs	263	478	344	13	835
DD&A	225	129	92	4	225
Noncash and other costs, net	35 ^b	20	14	1	35
Total costs	523	627	450	18	1,095
Other revenue adjustments, primarily for pricing on prior period open sales	(20)	(20)	5	—	(15)
Gross profit	\$ 217	\$ 113	\$ 100	\$ 4	\$ 217

Copper sales (millions of recoverable pounds)

Gold sales (thousands of recoverable ounces)

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.54	\$ 2.54	\$ 1,709
Site production and delivery, before net noncash and other costs shown below	2.29	1.31	884
Gold and silver credits	(1.91)	—	—
Treatment charges	0.28	0.17	110
Export duties	0.07	0.04	25
Royalty on metals	0.15	0.08	58
Unit net cash costs	0.88	1.60	1,077
DD&A	0.75	0.43	289
Noncash and other costs, net	0.12 ^b	0.06	45
Total unit costs	1.75	2.09	1,411
Other revenue adjustments, primarily for pricing on prior period open sales	(0.07)	(0.07)	14
Gross profit per pound/ounce	\$ 0.72	\$ 0.38	\$ 312

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,327	\$ 686	\$ 225
Treatment charges	(85)	—	—
Export duties	(20)	—	—
Royalty on metals	(44)	—	—
Noncash and other costs, net	—	35	—
Other revenue adjustments, primarily for pricing on prior period open sales	(15)	—	—
Indonesia mining	1,163	721	225
Other mining ^c	6,386	5,860	444
Corporate, other & eliminations	(1,697)	(1,642)	30
As reported in FCX's consolidated financial statements	\$ 5,852	\$ 4,939	\$ 699

a. Includes silver sales of 1.3 million ounces (\$16.30 per ounce average realized price).

b. Includes COVID-19 related costs of \$4 million (\$0.01 per pound of copper).

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash Costs

Six Months Ended June 30, 2019

(In millions)	By-Product	Co-Product Method			
	Method	Copper	Gold	Silver ^a	Total
Revenues, excluding adjustments	\$ 900	\$ 900	\$ 552	\$ 17	\$ 1,469
Site production and delivery, before net noncash and other costs shown below	1,054	646	396	12	1,054
Gold and silver credits	(571)	—	—	—	—
Treatment charges	91	56	34	1	91
Export duties	27	17	10	—	27
Royalty on metals	45	28	16	1	45
Net cash costs	646	747	456	14	1,217
DD&A	204	125	77	2	204
Noncash and other costs, net	48 ^b	29	18	1	48
Total costs	898	901	551	17	1,469
Other revenue adjustments, primarily for pricing on prior period open sales	18	18	2	—	20
PT Smelting intercompany profit	11	7	4	—	11
Gross profit	\$ 31	\$ 24	\$ 7	\$ —	\$ 31

Copper sales (millions of recoverable pounds)	325	325		
Gold sales (thousands of recoverable ounces)			420	

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.77	\$ 2.77	\$ 1,314
Site production and delivery, before net noncash and other costs shown below	3.24	1.99	944
Gold and silver credits	(1.75)	—	—
Treatment charges	0.28	0.17	81
Export duties	0.08	0.05	24
Royalty on metals	0.14	0.09	38
Unit net cash costs	1.99	2.30	1,087
DD&A	0.63	0.38	183
Noncash and other costs, net	0.14 ^b	0.09	43
Total unit costs	2.76	2.77	1,313
Other revenue adjustments, primarily for pricing on prior period open sales	0.05	0.05	5
PT Smelting intercompany profit	0.04	0.02	10
Gross profit per pound/ounce	\$ 0.10	\$ 0.07	\$ 16

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,469	\$ 1,054	\$ 204
Treatment charges	(72)	19	—
Export duties	(27)	—	—
Royalty on metals	(45)	—	—
Noncash and other costs, net	—	48	—
Other revenue adjustments, primarily for pricing on prior period open sales	20	—	—
PT Smelting intercompany profit	—	(11)	—
Indonesia mining	1,345	1,110	204
Other mining ^c	7,497	6,207	456
Corporate, other & eliminations	(1,504)	(1,388)	39
As reported in FCX's consolidated financial statements	\$ 7,338	\$ 5,929	\$ 699

a. Includes silver sales of 1.1 million ounces (\$14.66 per ounce average realized price).

b. Includes charges of \$28 million (\$0.09 per pound of copper) associated with adjustments to the settlement of the historical surface water tax disputes with the local regional tax authority in Papua, Indonesia.

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Molybdenum Mines Product Revenues, Production Costs and Unit Net Cash Costs

(In millions)	Three Months Ended June 30,	
	2020	2019
Revenues, excluding adjustments ^a	\$ 63	\$ 117
Site production and delivery, before net noncash and other costs shown below	53	76
Treatment charges and other	5	8
Net cash costs	58	84
DD&A	15	18
Metals inventory adjustments	1	—
Noncash and other costs, net	8 ^b	2
Total costs	82	104
Gross (loss) profit	\$ (19)	\$ 13
Molybdenum sales (millions of recoverable pounds) ^a	6	9

Gross (loss) profit per pound of molybdenum:

Revenues, excluding adjustments ^a	\$ 9.69	\$ 12.74
Site production and delivery, before net noncash and other costs shown below	8.12	8.31
Treatment charges and other	0.85	0.84
Unit net cash costs	8.97	9.15
DD&A	2.29	2.07
Metals inventory adjustments	0.16	—
Noncash and other costs, net	1.34 ^b	0.15
Total unit costs	12.76	11.37
Gross (loss) profit per pound	\$ (3.07)	\$ 1.37

Reconciliation to Amounts Reported

Three Months Ended June 30, 2020	Revenues	Production and Delivery	DD&A	Metals Inventory Adjustments
Totals presented above	\$ 63	\$ 53	\$ 15	\$ 1
Treatment charges and other	(5)	—	—	—
Noncash and other costs, net	—	8	—	—
Molybdenum mines	58	61	15	1
Other mining ^c	3,915	3,187	328	(145)
Corporate, other & eliminations	(919)	(854)	15	5
As reported in FCX's consolidated financial statements	\$ 3,054	\$ 2,394	\$ 358	\$ (139)
Three Months Ended June 30, 2019				
Totals presented above	\$ 117	\$ 76	\$ 18	\$ —
Treatment charges and other	(8)	—	—	—
Noncash and other costs, net	—	2	—	—
Molybdenum mines	109	78	18	—
Other mining ^c	4,184	3,645	315	1
Corporate, other & eliminations	(747)	(718)	19	1
As reported in FCX's consolidated financial statements	\$ 3,546	\$ 3,005	\$ 352	\$ 2

- a. Reflects sales of the Molybdenum mines' production to FCX's molybdenum sales company at market-based pricing. On a consolidated basis, realizations are based on the actual contract terms for sales to third parties; as a result, FCX's consolidated average realized price per pound of molybdenum will differ from the amounts reported in this table.
- b. Includes charges totaling \$6 million (\$0.96 per pound of molybdenum) primarily associated with contract cancellation costs related to the COVID-19 pandemic and employee separation costs associated with April 2020 revised operating plans.
- c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X. Also includes amounts associated with FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

Freeport-McMoRan Inc.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Molybdenum Mines Product Revenues, Production Costs and Unit Net Cash Costs

(In millions)	Six Months Ended June 30,	
	2020	2019
Revenues, excluding adjustments ^a	\$ 140	\$ 215
Site production and delivery, before net noncash and other costs shown below	117	146
Treatment charges and other	11	15
Net cash costs	128	161
DD&A	31	34
Metals inventory adjustments	5	—
Noncash and other costs, net	10 ^b	3
Total costs	174	198
Gross (loss) profit	\$ (34)	\$ 17
Molybdenum sales (millions of recoverable pounds) ^a	13	17

Gross (loss) profit per pound of molybdenum:

Revenues, excluding adjustments ^a	\$ 10.36	\$ 12.63
Site production and delivery, before net noncash and other costs shown below	8.67	8.60
Treatment charges and other	0.85	0.85
Unit net cash costs	9.52	9.45
DD&A	2.29	2.04
Metals inventory adjustments	0.35	—
Noncash and other costs, net	0.79 ^b	0.15
Total unit costs	12.95	11.64
Gross (loss) profit per pound	\$ (2.59)	\$ 0.99

Reconciliation to Amounts Reported

	Revenues	Production and Delivery	DD&A	Metals Inventory Adjustments
Six Months Ended June 30, 2020				
Totals presented above	\$ 140	\$ 117	\$ 31	\$ 5
Treatment charges and other	(11)	—	—	—
Noncash and other costs, net	—	10	—	—
Molybdenum mines	129	127	31	5
Other mining ^c	7,420	6,454	638	60
Corporate, other & eliminations	(1,697)	(1,642)	30	18
As reported in FCX's consolidated financial statements	\$ 5,852	\$ 4,939	\$ 699	\$ 83
Six Months Ended June 30, 2019				
Totals presented above	\$ 215	\$ 146	\$ 34	\$ —
Treatment charges and other	(15)	—	—	—
Noncash and other costs, net	—	3	—	—
Molybdenum mines	200	149	34	—
Other mining ^c	8,642	7,168	626	1
Corporate, other & eliminations	(1,504)	(1,388)	39	58
As reported in FCX's consolidated financial statements	\$ 7,338	\$ 5,929	\$ 699	\$ 59

a. Reflects sales of the Molybdenum mines' production to FCX's molybdenum sales company at market-based pricing. On a consolidated basis, realizations are based on the actual contract terms for sales to third parties; as a result, FCX's consolidated average realized price per pound of molybdenum will differ from the amounts reported in this table.

b. Includes charges totaling \$6 million (\$0.46 per pound of molybdenum) primarily associated with contract cancellation costs related to the COVID-19 pandemic and employee separation costs associated with April 2020 revised operating plans.

c. Represents the combined total for FCX's other mining operations as presented in the supplemental schedule, "Business Segments," beginning on page X. Also includes amounts associated with FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.



FCX Conference Call 2nd Quarter 2020 Results

| July 23, 2020

fcx.com



Cautionary Statement

Regarding Forward-Looking Statements

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This presentation contains forward-looking statements in which FCX discusses its potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as plans, projections, timing or expectations relating to ore grades and milling rates; forecasts or expectations regarding business outlook; production and sales volumes; unit net cash costs; cash flows; capital expenditures; liquidity; operating costs; operating plans; cost savings; the consummation of the tender offers and the notes offering, including the use of proceeds therefrom; FCX's expectations regarding its share of PT Freeport Indonesia's (PT-FI) net (loss) income and future cash flows through 2022; PT-FI's development, financing, construction and completion of a new smelter in Indonesia; improvements in operating procedures and technology; exploration efforts and results; development and production activities, rates and costs; tax rates; export quotas and duties; the impact of copper, gold and molybdenum price changes; the impact of deferred intercompany profits on earnings; reserve estimates; execution of the settlement agreement associated with the Louisiana coastal erosion cases; and future dividend payments, share purchases and sales. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "could," "to be," "potential," "assumptions," "guidance," "future" and any similar expressions are intended to identify those assertions as forward-looking statements. The declaration of dividends is at the discretion of the Board of Directors (Board) and will depend on FCX's financial results, cash requirements, future prospects, and other factors deemed relevant by the Board. In accordance with the June 2020 amendment to the revolving credit facility, FCX is currently restricted from declaring or paying common stock dividends.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, 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, but are not limited to, FCX's ability to consummate the tender offers and the notes offering; corporate developments that could preclude, impair or delay the notes offering due to restrictions under the federal securities laws; changes in the credit ratings of FCX; changes in FCX's cash requirements, financial position, financing plans or investment plans; changes in general market, economic, tax, regulatory or industry conditions; the duration and scope of and uncertainties associated with the COVID-19 pandemic; and the impact thereof on commodity prices, FCX's business and the global economy, which are evolving and beyond FCX's control, and any related actions taken by governments and businesses; FCX's ability to contain and mitigate the risk of spread or major outbreak of COVID-19 at its operating sites, including at PT-FI's remote operating site in Papua; supply of and demand for, and prices of, copper, gold and molybdenum; mine sequencing; changes in mine plans or operational modifications, delays, deferrals or cancellations; production rates; timing of shipments; results of feasibility studies; potential inventory adjustments; potential impairment of long-lived mining assets; the potential effects of violence in Indonesia generally

and in the province of Papua; the Indonesian government's extension of PT-FI's export license after March 15, 2021; risks associated with underground mining; satisfaction of requirements in accordance with PT-FI's special mining license (IUPK) to extend mining rights from 2031 through 2041; the Indonesian government's approval of a deferred schedule for completion of the new smelter in Indonesia; expected results from improvements in operating procedures and technology, including innovation initiatives; industry risks; regulatory changes; political and social risks; labor relations; weather- and climate-related risks; environmental risks; litigation results; cybersecurity incidents; changes in general market, economic and industry conditions; financial condition of FCX's customers, suppliers, vendors, partners and affiliates, particularly during weak economic conditions and extended periods of low commodity prices; reductions in liquidity and access to capital; 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, 2019, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, each filed with the U.S. Securities and Exchange Commission (SEC) as updated by FCX's subsequent filings with the SEC.

Investors are cautioned that many of the assumptions upon which FCX's forward-looking statements are based are likely to change after the forward-looking statements are made, including for example commodity prices, which FCX cannot control, and production volumes and costs, some aspects of which FCX may not be able to control. Further, FCX may make changes to its business plans that could affect its results. FCX cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, changes in business plans, actual experience or other changes, and FCX undertakes no obligation to update any forward-looking statements.

This presentation also includes forward-looking statements regarding potential resources not included in proven and probable mineral reserves. Our estimates of potential resources are based on geologically reasonable interpolation and extrapolation of more limited information than is used for mineralized material (measured and indicated) and requires higher copper prices. Significant additional drilling is required and no assurance can be given that the potential quantities of metal will be produced. Accordingly, no assurances can be given that estimated potential resources not included in reserves will become proven and probable reserves.

This presentation also contains certain financial measures such as unit net cash costs per pound of copper and molybdenum, net debt and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), which are not recognized under U.S. generally accepted accounting principles. As required by SEC Regulation G, reconciliations of unit net cash costs per pound of copper and molybdenum to amounts reported in FCX's consolidated financial statements are in the supplemental schedules of FCX's 2Q20 press release, which is available on FCX's website, "fcx.com." Net debt equals consolidated debt less consolidated cash. A reconciliation of adjusted EBITDA to amounts reported in FCX's consolidated financial statements is included on slide 38.

Meeting the Challenge - 2Q 2020 Highlights

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- **Prioritizing health and safety**
- **Strong execution of April 2020 revised operating plans**
 - Copper & gold sales 10-12% above target
 - Costs and capital below estimates
- **Underground ramp-up at Grasberg advancing on schedule**
 - 46% increase in ore production rates from 1Q20
 - Consistently meeting expectations
- **Safely restoring operations at Cerro Verde**
- **Lone Star project substantially complete**
- **Strengthened balance sheet flexibility**

See Cautionary Statement.

Key Stats	Actual	April Estimate
Copper Sales <i>(mm lbs)</i>	759	690
Gold Sales <i>(k ozs)</i>	184	165
Unit Net Cash Costs <i>(\$/lb)</i>	\$1.47	\$1.63
Capital Expenditures <i>(\$mm)</i>	\$527	\$620



Supporting Communities Where We Operate

Providing Monetary and In-kind Contributions of Medical Supplies and Food

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FCX has been using the strength of its global supply chain to acquire, purchase, donate and deliver much needed medical supplies and more to COVID-19 relief efforts as part of its commitment to its local communities.

Ventilators and a fully-equipped ambulance were donated in Calama, Chile and a portable oxygen plant and cylinders were provided to the community of Arequipa, Peru. In Indonesia, PT-FI is providing regional testing and has made multiple food donations to remote Papuan communities.



2019 Annual Reports on Sustainability & Climate

"Building on Strength"

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2019 Annual Report on Sustainability



- 19th consecutive year FCX has published a comprehensive report on sustainability
- Summarizes FCX's long-standing commitment to manage responsibly its Environmental, Social & Governance (ESG) performance

2019 Climate Report



- Inaugural Climate Report published in June 2020
- Details FCX's historical performance and its ongoing initiatives to mitigate climate-related risks in the business



Market Commentary

- Chinese economy recovering
- Global fiscal & monetary stimulus adding support
- Supply constraints in focus
 - Mine supply
 - Scrap scarcity
- Declining stocks
 - Market well positioned as economies recover
- Higher price required to incentivize >5Mt/a mine supply gap by 2030⁽¹⁾

(1) Wood Mackenzie estimate, 2Q 2020 Long-term Outlook



* Includes LME, COMEX and Shanghai exchanges
Source: Bloomberg as of 7/22/20

Copper – “Metal for the Future”

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- **Essential metal in a digital world**
- **Critical to the technologies necessary to deliver clean energy and support the global transition to a low-carbon economy**
 - By 2030, copper could reduce global carbon emissions by 16%*
- **Identified products that will require additional copper include:**
 - High-efficiency motors
 - Electric vehicles
 - Associated charging station infrastructure
 - Wind and solar renewable energy generation facilities
- **Copper will also play an increasingly important role in reducing the spread of infectious diseases including coronavirus**



By supplying responsibly produced copper, FCX is proud to be a positive contributor to the world well beyond our own operational boundaries.

Copper Utilization Key to Global Decarbonization

Up to **4x** more copper vs. internal combustion engines*



4-5x more copper vs. fossil fuel power generation*

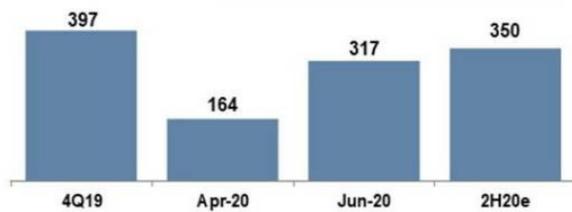


*International Copper Association 7

Cerro Verde Update

- Safely & effectively restoring production under strict COVID-19 restrictions
- In June, averaged 316,800 mt/d (~80% of 2019 avg)
- Expect rates to improve to ~350,000 mt/d in 2H20e
- Growing to 400,000 mt/d over time

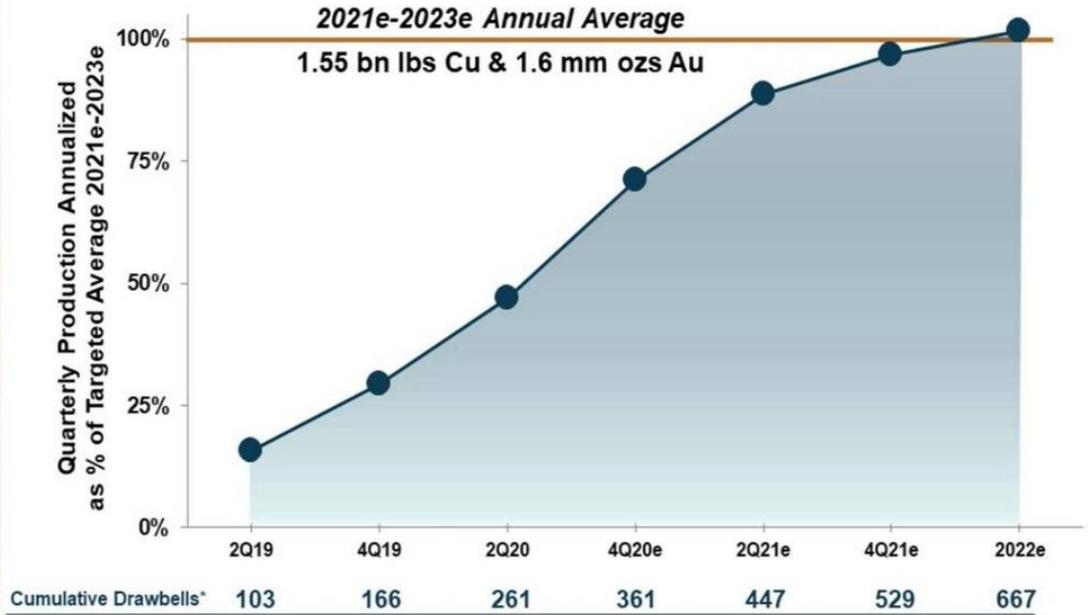
Average Mill Rate (000's mt/d)



e = estimate. See Cautionary Statement.



Grasberg Underground Ramp-up Accelerating



Note: Includes production from Grasberg Block Cave, Deep MLZ (DMLZ), DOZ and Big Gossan
 * Opened as of the end of the period; total for GBC and DMLZ combined
 e = estimate. See Cautionary Statement.

Indonesian Smelter Update

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**Experiencing
delays
associated
with COVID-19**



- Gresik area was declared a “Red Zone”
- International contractor dislocation
- PT-FI in discussions with Indonesian government on deferred schedule for the project as well as other alternatives in light of COVID-19 and global economic conditions

See Cautionary Statement.

10

Lone Star Leach Project in Arizona

Substantially Complete

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Building value in new U.S. cornerstone asset

- **Low-risk development in established mining district**
 - Located 8 miles north of Safford
 - 18 miles southwest of Morenci
- **Wholly-owned**
- **~\$825 mm project; on schedule/under budget**
- **Commissioning in progress; substantially complete**
- **On track to commence production in 2H20**
 - Estimated production: 200 mm lbs/annum
- **Large potential resource: 50+ bn lbs copper***
 - Can be developed over time
 - No mandated deadlines

* Potential resources are not included in reserves and will not qualify as reserves until comprehensive engineering studies establish legal and economic feasibility. Accordingly, no assurance can be given that the potential resources will become proven and probable reserves. See Cautionary Statement.



Optimization Through Innovation

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Continuing to advance with internal resources

- **Unlocking bottlenecks**
- **Digital twin for processing**
 - Real time data driven decisions
- **Enhanced mine fragmentation tools**
 - Digital tool development
- **Culture**
 - Value orientation
 - Target best performance every day
- **Opportunities to add incremental production with low capital intensity**

See Cautionary Statement.

Processing/Concentrating



Throughput &
Recovery
Optimization
Intelligence
(TROI)

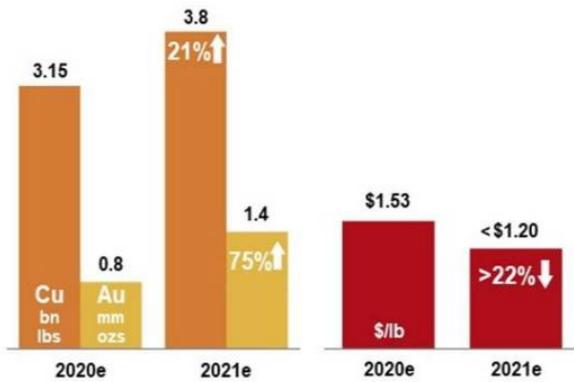
Agile Way of Working



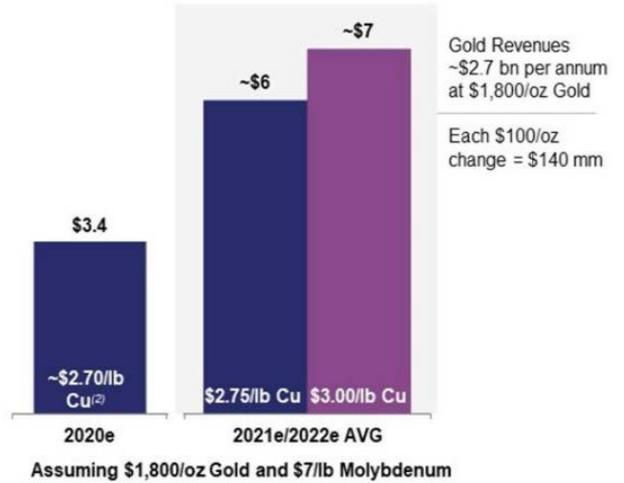
Expanding Margins & Cash Flow



Rising Copper & Gold Sales & Declining Unit Costs



Annual EBITDA Estimates ⁽¹⁾ (\$ in billions)



(1) Based on July 2020 sales estimates. Cases exclude margins from currently idled production which may resume under these price scenarios.

(2) Based on 1H20 actual and \$2.85/lb of copper in 2H20e.

Note: Consolidated copper sales include 590 mm lbs in 2020e and 735 mm lbs in 2021e for noncontrolling interest, excludes purchased copper. EBITDA equals operating income plus depreciation, depletion and amortization. e = estimate. See Cautionary Statement.

The Freeport Edge

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Global Industry Leader

One of the world's largest publicly traded copper producers;
Seasoned and value-driven global team

Trusted Operator

Strong track record and franchise in 4 jurisdictions;
Synergistic operation of all assets

World-Class Developer

Industry leading track record for **major project execution** in complex jurisdictions

Block Cave Leader

Industry leading technical capabilities;
Decades of **block caving experience**

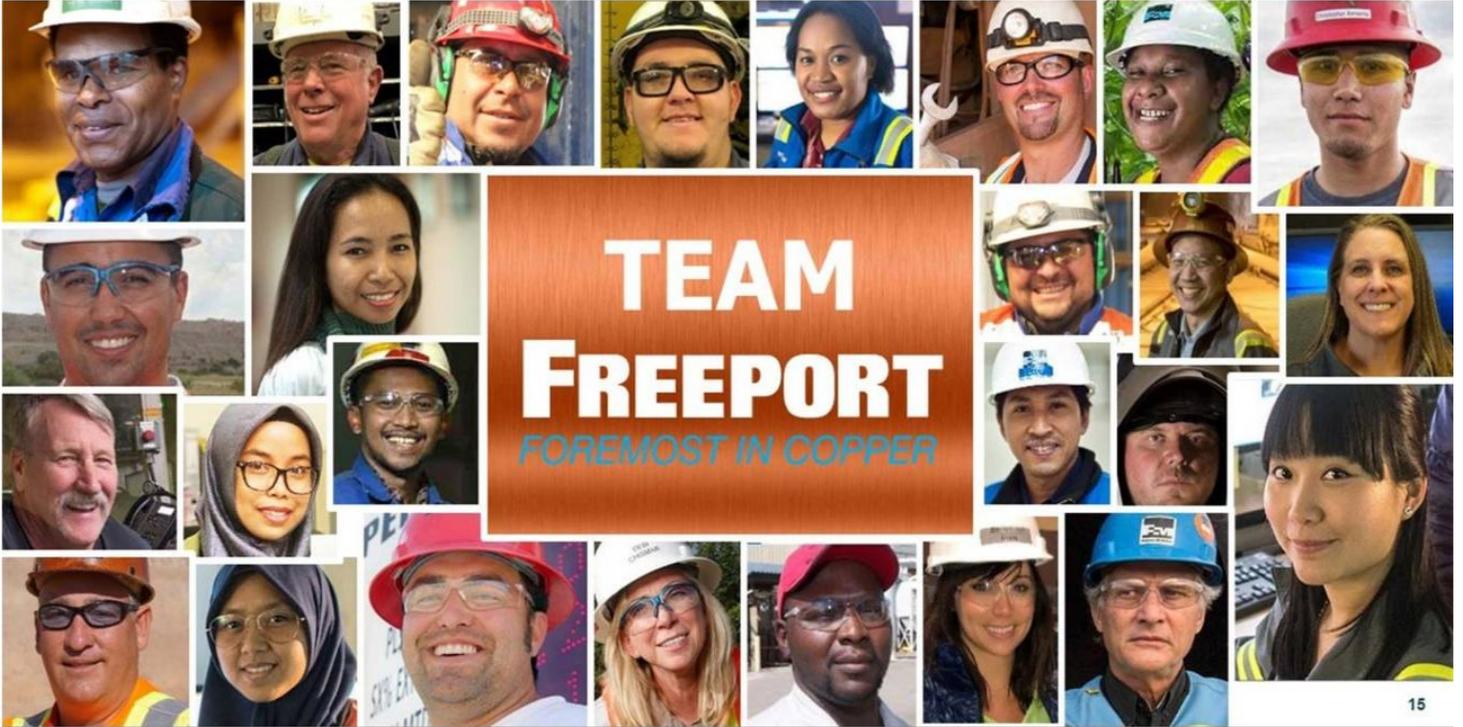
Responsible Producer

Long-standing commitment to communities, customers and host nations

Attractive portfolio difficult to replicate

Strong, Resilient & Meeting The Challenge!

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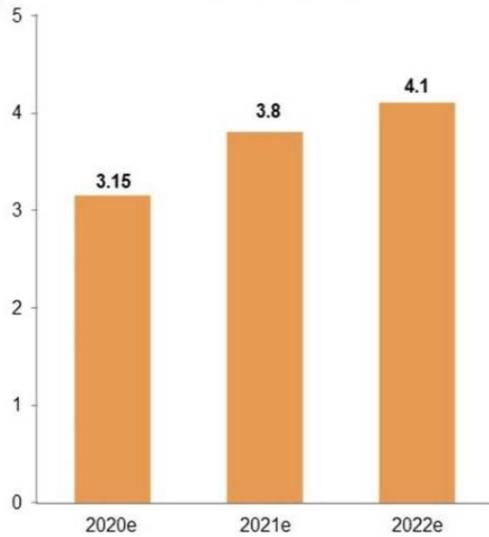
Financial Review & Outlook



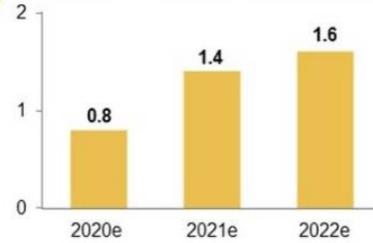
Annual Sales Profile

July 2020 Estimate

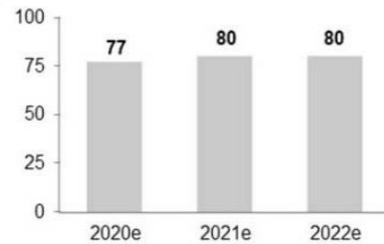
Copper Sales⁽¹⁾ (billion lbs)



Gold Sales⁽²⁾ (million ozs)



Molybdenum Sales (million lbs)



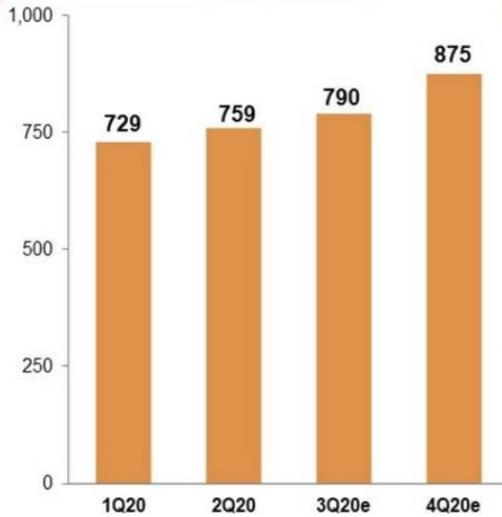
(1) Consolidated copper sales include 590 mm lbs in 2020e, 735 mm lbs in 2021e and 825 mm lbs in 2022e for noncontrolling interest; excludes purchased copper.
 (2) Consolidated gold sales include 153k ozs in 2020e, 260k ozs in 2021e and 300k ozs in 2022e for noncontrolling interest.
 e = estimate. See Cautionary Statement.



2020e Quarterly Sales



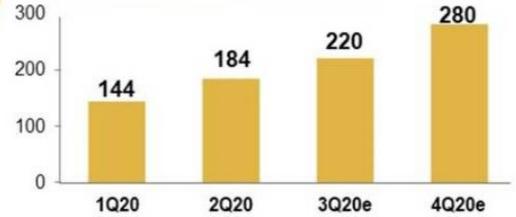
Copper Sales⁽¹⁾ (millions lbs)



Note: Consolidated copper sales include approximately 140 mm lbs in 1Q20, 135 mm lbs in 2Q20, 140 mm lbs in 3Q20e and 175 mm lbs in 4Q20e for noncontrolling interests; excludes purchased copper.

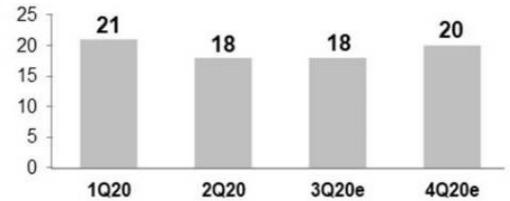
e = estimate. See Cautionary Statement.

Gold Sales (thousand ozs)



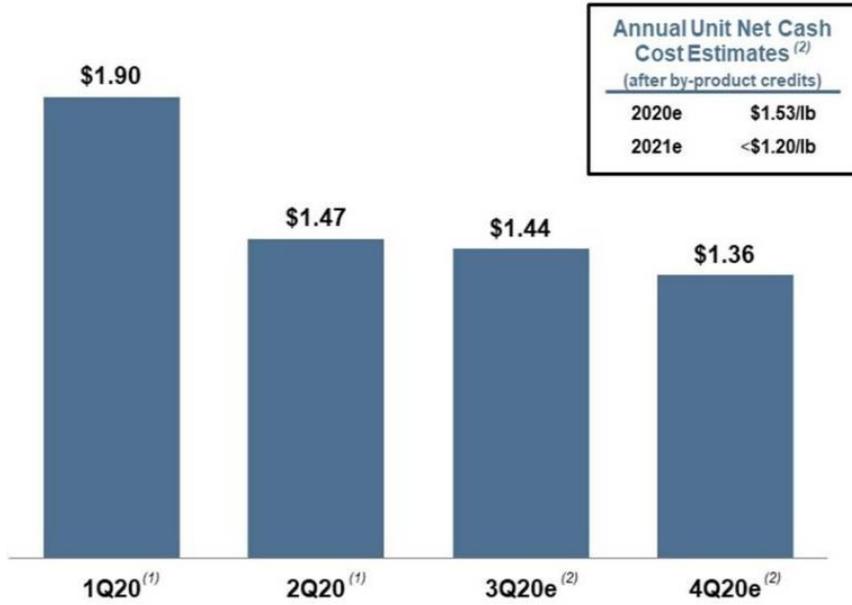
Note: Consolidated gold sales include approximately 26k ozs in 1Q20, 34k ozs in 2Q20, 41k ozs in 3Q20e and 52k ozs in 4Q20e for noncontrolling interests.

Molybdenum Sales (million lbs)



Consolidated Unit Net Cash Costs Estimates

After By-Product Credits



(1) Excludes COVID-19 related costs.

(2) Estimates assume average prices of \$1,800/oz for gold and \$7/lb for molybdenum for 2H20e and 2021e. Quarterly unit costs will vary significantly with quarterly metal sales volumes.

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 FCX's press release on fcx.com. e = estimate. See Cautionary Statement.

EBITDA and Cash Flow at Various Copper Prices ⁽¹⁾

Cash Flows Expected to Grow Following 2020 Transition Year

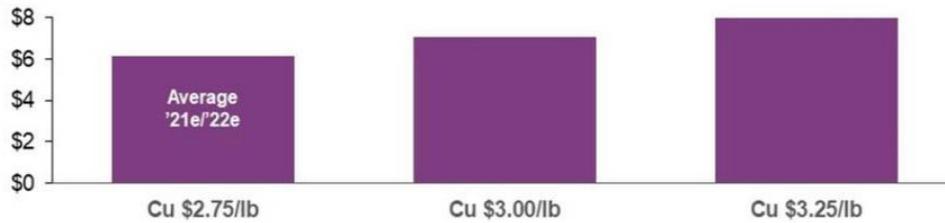
(\$ in bns except copper, gold and molybdenum prices)

Sensitivities
Average '21e/'22e
(US\$ in mms)

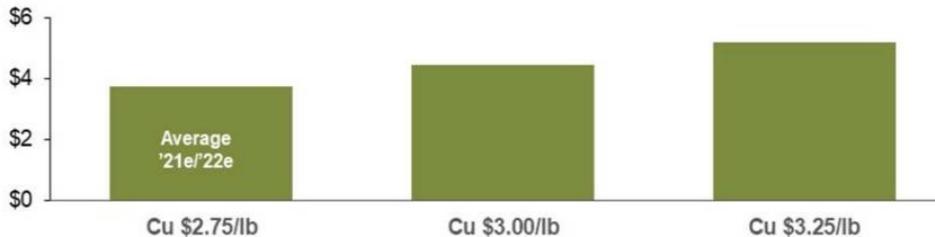
EBITDA		
Copper	+/- \$0.10/lb	\$375
Molybdenum	+/- \$1.00/lb	\$45
Gold	+/- \$50/oz	\$70
Currencies ⁽²⁾	+/- 10%	\$185
Diesel	+/- 10%	\$30



EBITDA | (\$1,800/oz gold, \$7/lb molybdenum)



Operating cash flow | Excludes working capital changes (\$1,800/oz gold, \$7/lb molybdenum)



Operating Cash Flow		
Copper	+/- \$0.10/lb	\$285
Molybdenum	+/- \$1.00/lb	\$40
Gold	+/- \$50/oz	\$40
Currencies ⁽²⁾	+/- 10%	\$135
Diesel	+/- 10%	\$25

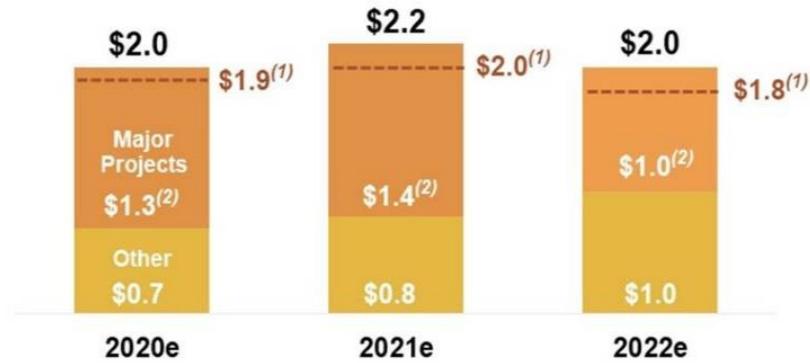
NOTE: EBITDA equals operating income plus depreciation, depletion and amortization. e = estimate. See Cautionary Statement.

(1) Cases exclude margins from currently idled production which may resume in a higher price environment.

(2) U.S. Dollar Exchange Rates: 769 Chilean peso, 14,100 Indonesian rupiah, \$0.70 Australian dollar, \$1.13 Euro, 3.40 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 forecasted expenditures in these foreign currencies equates to a cost benefit of noted amounts.

Consolidated Capital Expenditures

(\$ in bns)

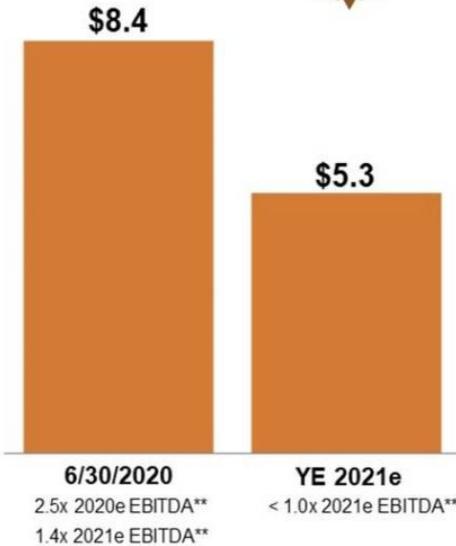


(1) Net of scheduled contributions from PT Inalum for expansion capital spending that will be reflected in financing on the cash flow statement.
 (2) Major projects include CAPEX associated with Grasberg underground development and supporting mill and power capital costs (\$1.0 bn in 2020e, \$1.3 bn in 2021e, and \$0.9 bn in 2022e) and Lone Star (\$0.2 bn in 2020e).
 NOTE: Amounts include capitalized interest; forecasted amounts exclude capital spending for the new Indonesia smelter project.
 e= estimate. See Cautionary Statement.

Strong Financial Position & Liquidity

(US\$ bns)

Net Debt*



Liquidity Position as of 6/30/20



Consolidated Cash	\$1.5
Undrawn Credit Facility	\$3.5
Total Liquidity	\$5.0

- In July 2020, FCX priced a debt offering and commenced tender offers to improve financial flexibility through extending maturities at attractive rates
 - Priced \$1.5 bn in new 8-yr & 10-yr Sr Notes
 - \$4 bn in refinancings since August 2019

Sr Note Profile

	6/30/20 Pro forma	6/30/19
Avg duration (yrs)	10.8	9.0
Weighted avg cost	4.8%	4.7%

* Net debt equals consolidated debt less consolidated cash. YE 2021e assumes excess cash flow remains on balance sheet.
** Based on \$2.85/lb copper, \$1,800/oz gold and \$7/lb moly for 2H20e and 2021e. e = estimate. See Cautionary Statement.





- Near-term focus prioritizes liquidity and balance sheet strength while preserving large long-lived mineral resources
- In March 2020, announced suspension of common stock dividend in response to global pandemic and uncertain business environment
- Successful execution of revised operating plans expected to provide increased cash flows and enhanced financial flexibility in 2021 and beyond
- Board to review future dividends on an ongoing basis



NOTE: The declaration and payment of future dividends is at the discretion of the Board and will depend on FCX's financial results, cash requirements, global economic conditions and other factors deemed relevant by the Board. See Cautionary Statement.

World's Premier Publicly Traded Copper Producer

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**Portfolio of High Quality
Copper / Gold Assets**

Difficult to Replicate

Strong Track Record
and Commitment to Communities /
Environmental Responsibility

Technically Proficient
Proven Capabilities

Experienced Management Team

Industry Leader
with Size, Scale and Durability

Copper Supported by Positive
Long-Term Fundamentals

Growing Production
and **Cash Flow** Profile



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Reference Slides



Financial Highlights

Sales Data	2Q20	1H20
Copper		
Consolidated Volumes (<i>mm lbs</i>)	759	1,488
Average Realization (<i>per lb</i>)	\$2.55	\$2.53
Site Production & Delivery Costs (<i>per lb</i>)	\$1.82 ⁽¹⁾	\$2.00
Unit Net Cash Costs (<i>per lb</i>)	\$1.47	\$1.68
Gold		
Consolidated Volumes (<i>000's ozs</i>)	184	328
Average Realization (<i>per oz</i>)	\$1,749	\$1,709
Molybdenum		
Consolidated Volumes (<i>mm lbs</i>)	18	39
Average Realization (<i>per lb</i>)	\$10.53	\$10.84

Financial Results (in billions, except per share amounts)

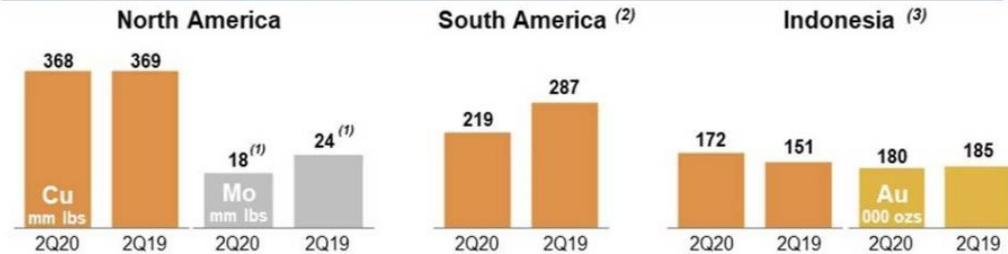
Revenues	\$3.1	\$5.9
Net Income (Loss) Attributable to Common Stock	\$0.1	\$(0.4)
Diluted Net Income (Loss) Per Share	\$0.03	\$(0.30)
Operating Cash Flows ⁽²⁾	\$0.5	\$0.5
Capital Expenditures	\$0.5	\$1.1
Total Debt	\$9.9	\$9.9
Consolidated Cash	\$1.5	\$1.5

⁽¹⁾ Excludes charges for COVID-19 related costs

⁽²⁾ Includes working capital sources of less than \$0.1 bn for 2Q20 and \$0.3 bn for 2Q19.

2Q20 Mining Operating Summary

Sales From Mines for 2Q20 & 2Q19 by Region



2Q20 Unit Production Costs (per lb of Cu)	North America	South America	Indonesia	Consolidated
Cash Unit Costs				
Site Production & Delivery, excluding adjustments	\$1.85 ⁽⁴⁾	\$1.64 ⁽⁴⁾	\$2.00 ⁽⁴⁾	\$1.82
By-product Credits	(0.17)	(0.11)	(1.95)	(0.56)
Treatment Charges	0.10	0.15	0.27	0.15
Royalties & Export Duties	-	0.00	0.24	0.06
Unit Net Cash Costs	\$1.78	\$1.68	\$0.56	\$1.47

(1) Includes 4 mm lbs in 2Q20 and 7 mm lbs in 2Q19 from South America.

(2) Silver sales totaled 0.6 mm ozs in 2Q20 and 1.2 mm in 2Q19.

(3) Silver sales totaled 0.8 mm ozs in 2Q20 and 0.5 mm ozs in 2Q19.

(4) Excludes charges for COVID-19 related costs totaling 6¢/lb of cu in NA (primarily associated with idle facility and contract cancellation costs and employee separation costs associated with the April 2020 revised operating plans), 30¢/lb of cu in SA (primarily associated with idle facility costs at Cerro Verde as a result of COVID-19 restrictions imposed by the Peruvian government, and contract cancellation and employee separation costs associated with the April 2020 revised operating plans) and 3¢/lb of cu in Indonesia.

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" in the supplemental schedules of FCX's 2Q20 press release, which is available on FCX's website.

2020e Outlook

Sales Outlook	<ul style="list-style-type: none"> ▪ Copper: 3.15 billion lbs ▪ Gold: 0.8 million ozs ▪ Molybdenum: 77 million lbs
Unit Cost of Copper	<ul style="list-style-type: none"> ▪ Site production & delivery 2020e: \$1.88/lb (3Q20e: \$1.83/lb) ▪ After by-product credits 2020e⁽¹⁾: \$1.53/lb (3Q20e: \$1.44/lb)
Operating Cash Flows ⁽²⁾	<ul style="list-style-type: none"> ▪ ~\$2.6 billion @ \$2.85/lb copper for 2H20e ▪ Each 10¢/lb change in copper in 2H20e = \$165 million
Capital Expenditures	<ul style="list-style-type: none"> ▪ \$2.0 billion (consolidated, prior to scheduled contribution to replicate JV economics) ⁽³⁾ <ul style="list-style-type: none"> • \$1.3 billion for major projects • \$0.7 billion for other mining • A large portion relates to projects that are expected to add significant production and cash flow in future periods

(1) Assumes average prices of \$1,800/oz gold and \$7/lb molybdenum in 2H20e.

(2) Assumes average prices of \$1,800/oz gold and \$7/lb molybdenum in 2H20e; each \$100/oz change in gold would have an approximate \$50 mm impact and each \$2/lb change in molybdenum would have an approximate \$35 mm impact.

(3) PT Inalum scheduled contributions in 2020e approximate \$0.1 bn; excludes capital expenditures for new smelter in Indonesia.

e = estimate. See Cautionary Statement.

Sensitivities

(US\$ in mms, except copper, gold and molybdenum prices)

2020e Change (2H20e)		EBITDA	
Copper	+/- \$0.10/lb	\$190	
Molybdenum	+/- \$1.00/lb	\$20	
Gold	+/- \$50/ounce	\$30	
Currencies⁽¹⁾	+/- 10%	\$90	
Diesel	+/- 10%	\$15	

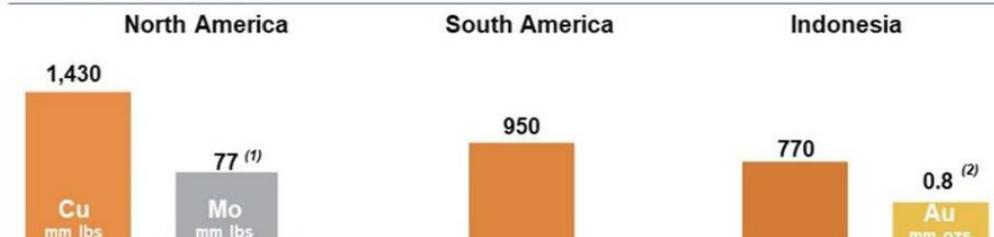
2021e-2022e Avg. Change		EBITDA	Operating Cash Flow
Copper	+/- \$0.10/lb	\$375	\$285
Molybdenum	+/- \$1.00/lb	\$45	\$40
Gold	+/- \$50/ounce	\$70	\$40
Currencies⁽¹⁾	+/- 10%	\$185	\$135
Diesel	+/- 10%	\$30	\$25

(1) U.S. Dollar Exchange Rates: 769 Chilean peso, 14,100 Indonesian rupiah, \$0.70 Australian dollar, \$1.13 Euro, 3.40 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 forecasted expenditures in these foreign currencies equates to a cost benefit of noted amounts.

NOTE: EBITDA equals operating income plus depreciation, depletion and amortization costs. Operating cash flow amounts exclude working capital changes.
e = estimate. See Cautionary Statement.

2020e Operational Data

2020e Sales *by Region*



2020e Unit Net Cash Costs ⁽³⁾ (per lb of Cu)

	North America	South America	Indonesia	Consolidated
Site Production & Delivery ⁽⁴⁾	\$1.90	\$1.89	\$1.83	\$1.88
By-product Credits	(0.19)	(0.13)	(1.87)	(0.59)
Treatment Charges	0.10	0.15	0.26	0.16
Royalties & Export Duties	-	0.01	0.32	0.08
Unit Net Cash Costs	\$1.81	\$1.92	\$0.54	\$1.53

(1) Includes molybdenum produced in South America.

(2) Includes gold produced in North America.

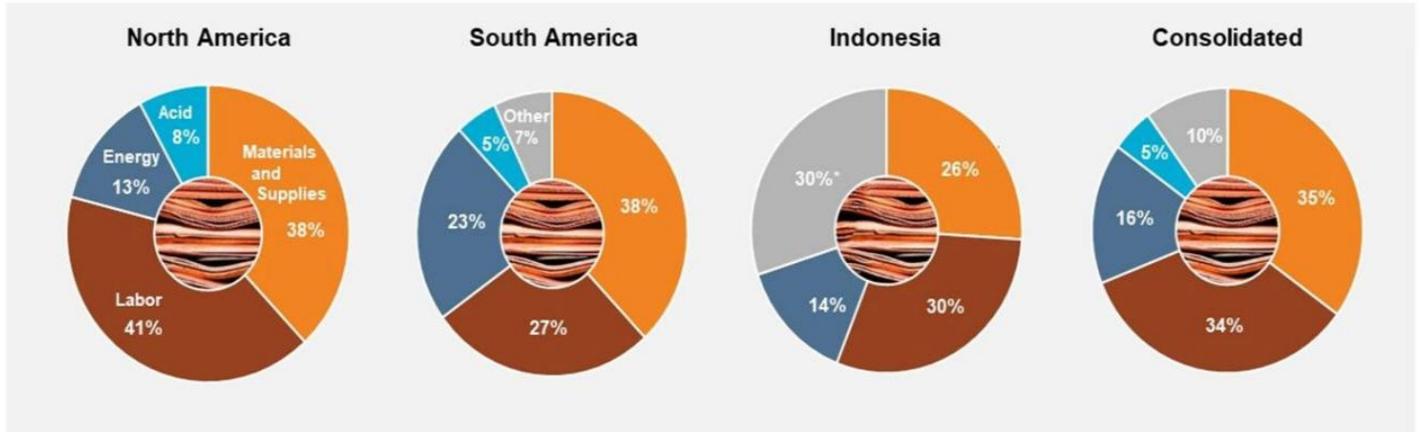
(3) Estimates assume average prices of \$1,800/oz for gold and \$7/lb for molybdenum for 2H20e. Quarterly unit costs will vary significantly with quarterly metal sales volumes.

(4) Production costs include profit sharing in South America and severance taxes in North America; Excludes charges for COVID-19 related costs.

Note: e = estimate. See Cautionary Statement.



2020e Site Production Costs Breakdown



* Support costs, taxes/fees, social costs & other e = estimate. See Cautionary Statement.



PT-FI Mine Plan

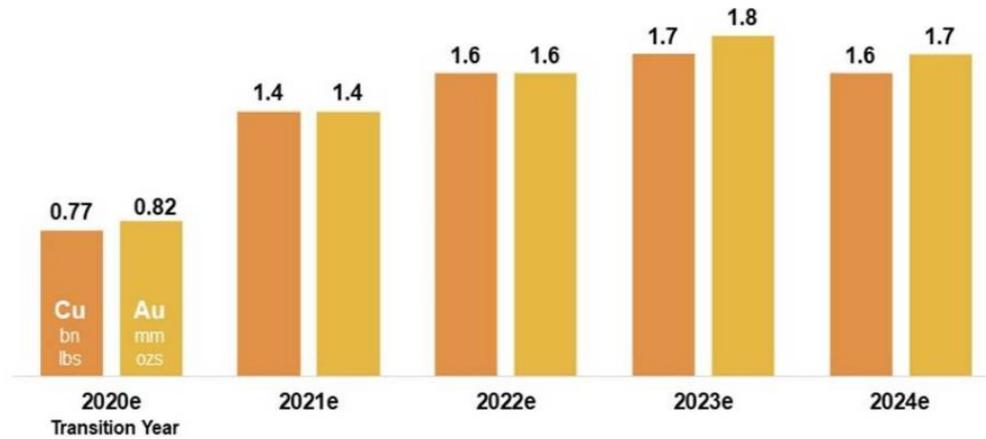
Metal Sales, 2020e - 2024e

Copper 2020e – 2024e

Total: 7.1 billion lbs copper
Annual Average: 1.4 billion lbs

Gold 2020e – 2024e

Total: 7.3 million ozs gold
Annual Average: 1.5 million ozs

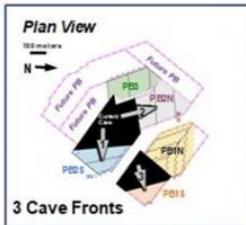


*Note: Amounts are projections. Timing of annual sales will depend on a number of factors, including mine sequencing, operational performance, timing of shipments, export quotas, and other factors. See Cautionary Statement. e = estimate
FCX's economic interest in PT-FI approximates 81% through 2022 and 48.76% thereafter.*

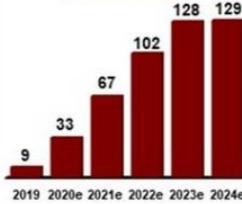
World Class Block Cave Design

Substantial Infrastructure in Place to Support Large-Scale Production

Grasberg Block Cave



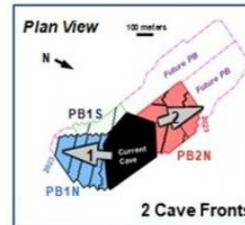
Ramp-up Schedule
(000's t/d of Ore)



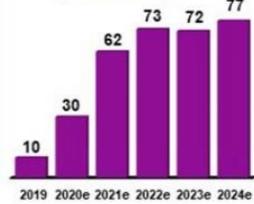
5 Production Blocks,
3 Currently Active

- Continuation of Ore Mined in Open Pit (300 meters below)
- 960 mm t @ 0.97% Copper & 0.73 g/t Gold
- YE 2019 Reserves: 17 bn lbs Copper; 14 mm ozs Gold
- By 2023: 335,000 Sq Meter Footprint (over 80 acres)
- Life of Mine: 725,000 Sq Meter Footprint (180 acres)
- Fully Autonomous Underground Rail System
- Annual Production @ Avg. Reserve Grade⁽¹⁾
 - 850 mm lbs Copper & 700,000 ozs Gold

DMLZ



Ramp-up Schedule⁽²⁾
(000's t/d of Ore)



3 Production Blocks,
2 Currently Active

- Located Below DOZ Underground Block Cave Mine
- 1,500 meters below surface
- 429 mm t @ 0.92% Copper & 0.75 g/t Gold
- YE 2019 Reserves: 8 bn lbs Copper; 8 mm ozs Gold
- By 2022: 200,000 Sq Meter Footprint (~ 50 acres)
- Life of Mine: 450,000 Sq Meter Footprint (110 acres)
- Annual Production @ Avg. Reserve Grade⁽¹⁾
 - 500 mm lbs Copper & 560,000 ozs Gold

Average Unit Net Cash Costs First 4 Years After Ramp-Up: ~\$0.20/lb⁽³⁾

(1) Access to higher ore grades expected in early years of production.
 (2) DMLZ ramp-up adjustments in April 2020 plan reflect one year deferral in SAG mill installation.
 (3) After ramp-up for 2021e – 2024e, based on \$3.00/lb copper and \$1,400/oz gold.
 e = estimate. See Cautionary Statement.

Project Update

Grasberg Transition on Track - Consistently Meeting Expectations

Deep MLZ (DMLZ) & Grasberg Block Cave (GBC) averaged 54,800 t/d in 2Q20: 9% above April 2020 forecast and 46% above of 1Q20 rates



6th consecutive quarter ore extraction rates exceeded forecast

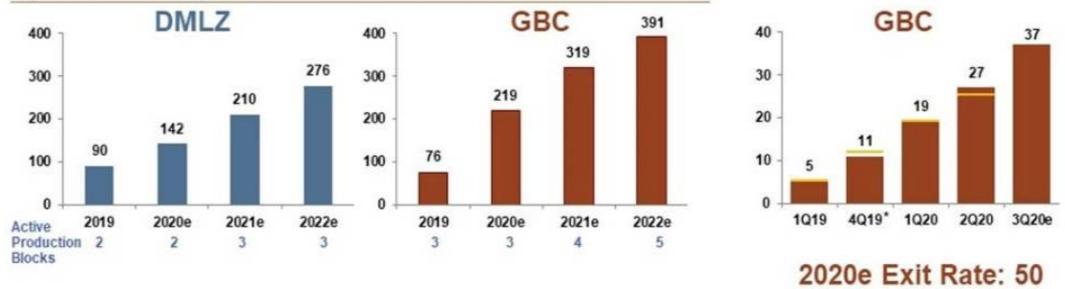
Drawbelling



Ore Extraction (000 t/d)



Open drawbells provide scale – cumulative blasted



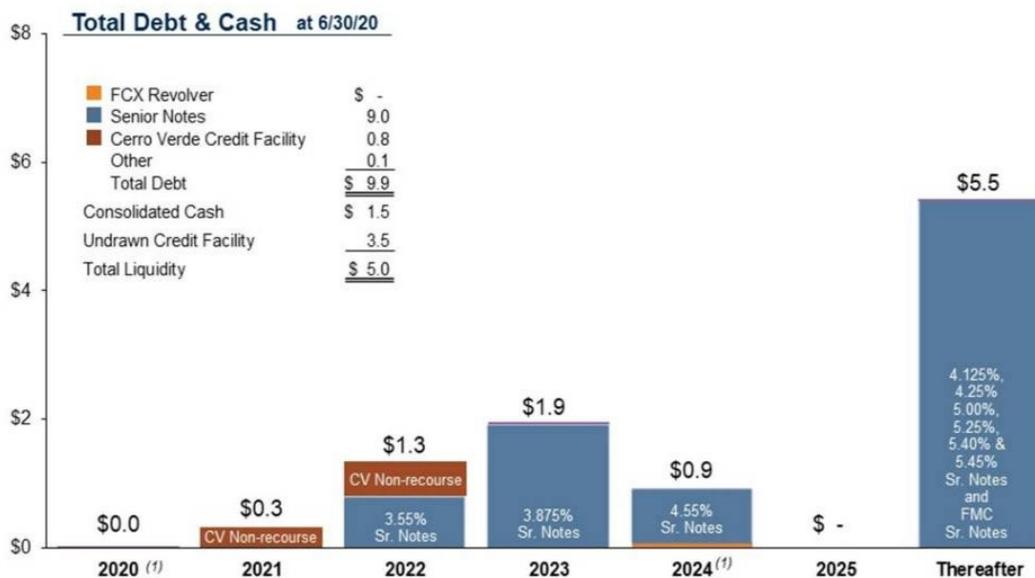
2020e Exit Rate: 50

* Includes planned 20-day outage for modification of ore flow system.
e = estimate. See Cautionary Statement.

FCX Debt Maturities as of 6/30/20



(US\$ bns)



(1) For purposes of this schedule, maturities of uncommitted lines of credit and other short term lines are included in FCX's revolver balance, which matures in 2024.

2Q20 Copper Realization & 3Q20e Guidance

2Q20 LME Average Copper Price	\$2.43/lb
3-Mo. Fwd Price for Copper at the End of June	\$2.73/lb
FCX 2Q20 Consolidated Copper Price Realization	\$2.55/lb ⁽¹⁾ (Generally, 50/50 weight of qtrly avg and 3-mo forward price at end of period)
FCX 2Q20 Prior Period Open Lb Adj. (aka Provisional Price Adj.)	Revenue/EBITDA: \$55 mm Net income: \$19 mm Earnings/share: \$0.01
3Q20e Open Pound Guidance	<ul style="list-style-type: none"> ▪ Open lbs priced at \$2.73/lb on 6/30/20 ▪ Each \$0.05 change in avg copper price in 3Q20 = \$6 mm impact to 2020e net income ▪ LME copper settled at \$2.96/lb on 7/22/20

(1) Note that when the average quarter-end forward curve price is above the average quarterly spot price, FCX's consolidated quarterly copper realization can be expected to be above the quarterly average (and vice versa if quarter-end forward curve price is below the quarterly average spot price). Quarterly copper realizations by region may vary from the consolidated average. Includes reductions to average realized prices of 3¢/lb of copper in 2Q20 related to forward sales contracts covering 150 mm lbs of copper sales for May and June 2020 at a fixed price of \$2.34 per pound. There are no remaining forward sales contracts.

e = estimate. See Cautionary Statement.

Adjusted EBITDA Reconciliation

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(\$ in mm)	2Q20	12 mos ended 6/30/2020
Net income (loss) attributable to common stock	\$53	\$(638)
Interest expense, net	115	584
Income tax provision	96	456
Depreciation, depletion and amortization	358	1,412
Metals inventory adjustments	(139)	203
Net gain on sales of assets	-	(381)
Accretion and stock-based compensation	39	168
Other net charges ⁽¹⁾	175	439
Loss on early extinguishment of debt	9	62
Other (income) expense, net	(20)	117
Net income attributable to noncontrolling interests	71	20
Equity in affiliated companies' net earnings	(3)	(16)
FCX Adjusted EBITDA ⁽²⁾	<u>\$754</u>	<u>\$2,426</u>

(1) Other net charges primarily include COVID-19 related costs (\$93 mm for 2Q20 and \$107 mm for the 12 months ended 6/30/20) and employee separation costs (\$82 mm for both 2Q20 and the 12 months ended 6/30/2020). Other net charges for the 12 months ended 6/30/20 also included PT-FI charges for disputed export duties (\$166 mm). For further discussion of net charges, refer to "Adjusted Net Income (Loss)" on page VIII in the supplemental schedules of FCX's 2Q20 press release, which is available on FCX's website.

(2) Adjusted EBITDA is a non-GAAP financial measure that is frequently used by securities analysts, investors, lenders and others to evaluate companies' performance, including, among other things, profitability before the effect of financing and similar decisions. Because securities analysts, investors, lenders and others use Adjusted EBITDA, management believes that our presentation of Adjusted EBITDA affords them greater transparency in assessing our financial performance. Adjusted EBITDA should not be considered as a substitute for measures of financial performance prepared in accordance with GAAP. Adjusted EBITDA may not necessarily be comparable to similarly titled measures reported by other companies, as different companies calculate such measures differently.



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