

[Freeport-McMoRan Inc.](#) (NYSE: FCX):

- Net income attributable to common stock totaled \$292 million, \$0.21 per share, for fourth-quarter 2016. After adjusting for net charges totaling \$59 million, \$0.04 per share, fourth-quarter 2016 adjusted net income attributable to common stock totaled \$351 million, \$0.25 per share.
- Consolidated sales (including volumes from Tenke Fungurume (Tenke) through November 16, 2016) totaled 1.2 billion pounds of copper, 405 thousand ounces of gold and 22 million pounds of molybdenum for fourth-quarter 2016 and 4.65 billion pounds of copper, 1.1 million ounces of gold and 74 million pounds of molybdenum for the year 2016.
- Consolidated sales for the year 2017 are expected to approximate 4.1 billion pounds of copper, 2.2 million ounces of gold and 92 million pounds of molybdenum, including 1.0 billion pounds of copper, 460 thousand ounces of gold and 23 million pounds of molybdenum for first-quarter 2017. (*)
- Average realized prices were \$2.47 per pound for copper, \$1,174 per ounce for gold and \$8.27 per pound for molybdenum for fourth-quarter 2016.
- Average unit net cash costs were \$1.20 per pound of copper for fourth-quarter 2016 and \$1.26 per pound of copper for the year 2016. Unit net cash costs are expected to average \$1.06 per pound of copper for the year 2017. (*)
- Operating cash flows totaled \$1.1 billion (net of \$406 million in working capital uses and changes in other tax payments) for fourth-quarter 2016 and \$3.7 billion (including \$57 million in working capital sources and changes in other tax payments) for the year 2016. Based on current sales volume and cost estimates and assuming average prices of \$2.50 per pound for copper, \$1,200 per ounce for gold and \$7.00 per pound for molybdenum, operating cash flows for the year 2017 are expected to approximate \$4.3 billion (including \$1.0 billion in working capital sources and changes in other tax payments). (*)
- Capital expenditures totaled \$504 million (including \$405 million for mining operations) for fourth-quarter 2016 and \$2.8 billion (including \$1.6 billion for mining operations) for the year 2016. Capital expenditures for the year 2017 are expected to approximate \$1.8 billion. (*)
- During fourth-quarter 2016, FCX completed \$5.2 billion in asset sale transactions, including the sale of its interest in TF Holdings Limited (TFHL), through which FCX held an interest in the Tenke mine, and the sales of the Deepwater Gulf of Mexico (GOM) and onshore California oil and gas properties. During 2016, FCX completed its asset divestment program, which generated \$6.6 billion in aggregate proceeds.
- In November 2016, FCX completed its registered at-the-market (ATM) offering of common stock announced in July 2016, which raised \$1.5 billion in gross proceeds through the sale of 116.5 million shares of FCX common stock.
- At December 31, 2016, consolidated debt totaled \$16.0 billion and consolidated cash totaled \$4.2 billion, compared with consolidated debt of \$20.3 billion and consolidated cash of \$177 million at December 31, 2015. FCX had no borrowings and \$3.5 billion available under its \$3.5 billion revolving credit facility at year-end 2016.

(*) Projections for 2017 and forward looking statements in this release assume normal operating levels at PT Freeport Indonesia (PT-FI). Refer to page 8 for discussion of recent regulatory changes in Indonesia, which may impact future results.

[Freeport-McMoRan Inc.](#) (NYSE: FCX) reported net income attributable to common stock of \$292 million (\$0.21 per share) for fourth-quarter 2016 and net losses attributable to common stock of \$4.2 billion (\$3.16 per share) for the year 2016, \$4.1 billion (\$3.47 per share) for fourth-quarter 2015 and \$12.2 billion (\$11.31 per share) for the year 2015. FCX's net income attributable to common stock for fourth-quarter 2016 includes net charges of \$59 million (\$0.04 per share) primarily reflecting estimated losses on assets held for sale and oil and gas restructuring-related charges, partly offset by a gain on redeemable noncontrolling interest. Fourth-quarter 2015 net loss attributable to common stock included net charges of \$4.1 billion (\$3.45 per share) primarily for the reduction of the carrying value of oil and gas properties. For further discussion of these amounts and net charges impacting the years 2016 and 2015, refer to the supplemental schedules, "Adjusted Net Income (Loss)," beginning on page IX, which is available on FCX's website, [fcx.com](#).

Richard C. Adkerson, President and Chief Executive Officer, said, "During 2016, we took aggressive actions in response to market conditions to restore our balance sheet strength. I am pleased to report that we were successful in reducing our net debt by over \$8 billion during the year while completing a major expansion at our world class Cerro Verde mine. I am proud of our global team for their accomplishments in "Proving our Mettle." As we enter 2017, we are enthusiastic about opportunities to generate future values for shareholders through our portfolio of high-quality, long-lived copper resources. We remain focused on generating significant cash flows to complete our debt reduction plan and to build long-term values for shareholders."

SUMMARY FINANCIAL DATA

	Three Months Ended		Years Ended	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
	(in millions, except per share amounts)			
Revenues ^{a,b}	\$ 4,377	\$ 3,516	\$ 14,830	\$ 14,607
Operating income (loss) ^a	\$ 703	\$ (4,097)	\$ (2,792)	\$ (13,512)
Net income (loss) from continuing operations	\$ 202	\$ (4,090)	\$ (3,832)	\$ (12,180)
Net (loss) income from discontinued operations ^c	\$ (2)	\$ (4)	\$ (193)	\$ 91
Net income (loss) attributable to common stock ^{d,e}	\$ 292	\$ (4,081)	\$ (4,154)	\$ (12,236)
Diluted net income (loss) per share of common stock:				
Continuing operations	\$ 0.22	\$ (3.46)	\$ (2.96)	\$ (11.32)
Discontinued operations	(0.01)	(0.01)	(0.20)	0.01

	\$ 0.21	\$ (3.47)	\$ (3.16)	\$ (11.31)
Diluted weighted-average common shares outstanding	1,410	1,177	1,318	1,082
Operating cash flows ^f	\$ 1,135	\$ 612	\$ 3,729	\$ 3,220
Capital expenditures	\$ 504	\$ 1,298	\$ 2,813	\$ 6,353
At December 31:				
Cash and cash equivalents	\$ 4,245	\$ 177	\$ 4,245	\$ 177
Total debt, including current portion	\$ 16,027	\$ 20,324	\$ 16,027	\$ 20,324

a. For segment financial results, refer to the supplemental schedules, "Business Segments," beginning on page XII, which are available on FCX's website, fcx.com.

b. Includes favorable (unfavorable) adjustments to provisionally priced concentrate and cathode copper sales recognized in prior periods totaling \$129 million (\$57 million to net income attributable to common stock from continuing operations or \$0.04 per share) in fourth-quarter 2016, \$(70) million (\$37) million to net loss attributable to common stock from continuing operations or \$(0.03) per share) in fourth-quarter 2015, \$5 million (\$2 million to net loss attributable to common stock from continuing operations or less than \$0.01 per share) for the year 2016 and \$(100) million (\$50) million to net loss attributable to common stock from continuing operations or \$(0.05) per share) for the year 2015. For further discussion, refer to the supplemental schedule, "Derivative Instruments," beginning on page XI, which is available on FCX's website, fcx.com.

c. Reflects the results of TFHL through November 16, 2016, and includes charges for allocated interest expense associated with the portion of the FCX term loan that was required to be repaid as a result of the sale of FCX's interest in TFHL. The fourth-quarter and year 2016 also include a net charge for the loss on disposal. For a summary of the components of net (loss) income from discontinued operations, refer to supplemental schedules on pages XXVIII to XXXI, which are available on FCX's website, fcx.com.

d. Includes net charges totaling \$59 million (\$0.04 per share) in fourth-quarter 2016, \$4.1 billion (\$3.45 per share) in fourth-quarter 2015, \$4.5 billion (\$3.39 per share) for the year 2016 and \$12.1 billion (\$11.22 per share) for the year 2015, which are described in the supplemental schedules, "Adjusted Net Income (Loss)," beginning on page IX, which is available on FCX's website, fcx.com.

e. 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 XII, which is available on FCX's website, fcx.com.

f. Includes net working capital (uses) sources and changes in other tax payments of \$(406) million for fourth-quarter 2016, \$31 million for fourth-quarter 2015, \$57 million for the year 2016 and \$373 million for the year 2015.

DEBT REDUCTION INITIATIVES

During 2016, FCX took actions to restore its balance sheet strength through a combination of asset sale transactions, cash flow from operations and capital market transactions. During the year, FCX completed \$6.6 billion in asset sale transactions (including \$5.2 billion in fourth-quarter 2016) and \$1.5 billion in ATM sales of its common stock. Consolidated debt, net of cash, was reduced by \$8.4 billion during the year.

The following table summarizes FCX's completed asset sales (in billions):

	Cash	Consideration ^a
Oil and gas transactions	\$ 2.78	b,c
TFHL	2.65	c
Morenci (13 percent interest)	1.00	
Timok exploration project in Serbia	0.13	c
Other land sales	0.06	
Total, excluding contingent consideration	\$ 6.62	

a. Reflects aggregate cash consideration, before purchase price adjustments.

b. Includes \$2.6 billion for the sales of the Deepwater GOM and onshore California oil and gas properties that were completed in December 2016. In connection with the Deepwater GOM transaction, FCX also settled a preferred stock obligation at its Plains Offshore Operations Inc. subsidiary for \$582 million, which is not reflected in the aggregate cash consideration above.

c. Excludes contingent consideration of up to \$527 million, consisting of (i) up to \$150 million related to the Deepwater GOM transaction, which is payable to FCX as the buyer realizes future cash flows in connection with a third-party production handling

agreement, (ii) up to \$150 million related to the onshore California transaction, consisting of \$50 million per year for 2018, 2019 and 2020, if the price of Brent crude oil averages over \$70 per barrel in that calendar year, (iii) up to \$120 million related to the TFHL transaction, consisting of \$60 million if the average copper price exceeds \$3.50 per pound and \$60 million if the average cobalt price exceeds \$20 per pound, both for the 24-month period ending December 31, 2019, and (iv) up to \$107 million related to the Timok transaction, which is payable to FCX in stages based upon achievement of defined development milestones.

During 2016, FCX agreed to negotiate exclusively with China Molybdenum Co., Ltd. (CMOC) until February 28, 2017, to enter into a definitive agreement to sell its interests in Freeport Cobalt for \$100 million and the Kisanfu exploration project in the Democratic Republic of Congo (DRC) for \$50 million in separate transactions.

The following table summarizes the change in FCX's consolidated debt, net of cash, during 2016 (in millions):

	December 31, 2015	(Decrease)	December 31, 2016
		Increase	
Total debt	\$ 20,324	\$ (4,297)	\$ 16,027
Less: cash and cash equivalents	177	4,068	4,245
	\$ 20,147	\$ (8,365)	\$ 11,782

FCX has a manageable debt maturity schedule, with maturities of \$1.2 billion in 2017 and \$1.5 billion in 2018 (excluding scheduled amortization of \$0.8 billion in 2018 for the Cerro Verde credit facility).

FCX continues to manage production, exploration and administrative costs and capital spending and expects to generate cash flows for further debt reduction during 2017.

FCX has retained a high-quality portfolio of long-lived copper assets positioned to generate long-term values. In addition to debt reduction plans, FCX is pursuing opportunities to enhance net present values, and continues to advance studies for future development of its copper resources, the timing of which will be dependent on market conditions.

SUMMARY OPERATING DATA

	Three Months Ended		Years Ended	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Copper (millions of recoverable pounds) ^a				
Production	1,200	1,122	4,647	4,017
Sales, excluding purchases	1,186	1,145	4,651	4,070
Average realized price per pound	\$ 2.47	\$ 2.18	\$ 2.27	\$ 2.42
Site production and delivery costs per pound ^b	\$ 1.44	\$ 1.64	\$ 1.44	\$ 1.78
Unit net cash costs per pound ^b	\$ 1.20	\$ 1.45	\$ 1.26	\$ 1.53
Gold (thousands of recoverable ounces)				
Production	430	350	1,088	1,257
Sales, excluding purchases	405	338	1,079	1,247
Average realized price per ounce	\$ 1,174	\$ 1,067	\$ 1,238	\$ 1,129
Molybdenum (millions of recoverable pounds)				
Production	22	20	80	92
Sales, excluding purchases	22	20	74	89
Average realized price per pound	\$ 8.27	\$ 6.94	\$ 8.33	\$ 8.70
Oil Equivalents				
Sales volumes				
Million barrels of oil equivalents (MMBOE)	10.5	^c 13.2	47.1	52.6
Thousand barrels of oil equivalents per day (MBOE)	114	^c 144	128	144
Cash operating margin per BOE ^d				
Realized revenues ^e	\$ 39.88	\$ 37.49	\$ 32.59	\$ 43.54
Cash production costs	(14.62)	(16.17)	(15.19)	(18.59)
Cash operating margin	\$ 25.26	\$ 21.32	\$ 17.40	\$ 24.95

^a. Includes production and sales volumes from the Tenke mine through November 16, 2016. Copper sales from Tenke totaled 59 million pounds in fourth-quarter 2016, 117 million pounds in fourth-quarter 2015, 424 million pounds for the year 2016 and 467 million pounds for the year 2015. Average realized copper prices (excluding Tenke) were \$2.48 per pound in fourth-quarter 2016, \$2.19 per pound in fourth-quarter 2015, \$2.28 per pound for the year 2016 and \$2.42 per pound for the year 2015.

^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. Excluding Tenke, mining unit net cash costs averaged \$1.21 per pound in fourth-quarter 2016, \$1.47 per pound in fourth-quarter 2015, \$1.26 per pound for the year 2016 and 1.57 per pound for the year 2015. 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 XV, which are available on FCX's website, fcx.com.

c. Includes 8.7 MMBOE (94 MBOE per day) from the Deepwater GOM and onshore California oil and gas properties that were sold in December 2016.

d. Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. Cash production costs exclude accretion and other costs. For reconciliations of realized revenues and cash production costs per BOE to revenues and production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, fcx.com.

e. Includes realized cash gains on oil derivative contracts of \$0.57 per BOE in fourth-quarter 2016, \$7.76 per BOE in fourth-quarter 2015, \$0.13 per BOE for the year 2016 and \$7.72 per BOE for the year 2015. FCX does not have any oil and gas derivative contracts in place for future periods.

Consolidated Sales Volumes

Fourth-quarter 2016 copper sales (including sales from Tenke through November 16, 2016) of 1.2 billion pounds were lower than the October 2016 estimate of 1.3 billion pounds principally reflecting lower volumes from PT-FI and the impact of the November 2016 Tenke sale. Excluding the impact associated with the earlier than forecasted completion of the Tenke sale, copper sales volumes were approximately seven percent below the October 2016 estimates, reflecting lower mining and milling rates at PT-FI. Fourth-quarter 2016 copper sales were higher than fourth-quarter 2015 sales of 1.1 billion pounds, primarily reflecting higher volumes from Cerro Verde and PT-FI, partly offset by lower sales from North America primarily associated with reduced mining rates and lower ore grades, and the impact of the November 2016 Tenke sale.

Fourth-quarter 2016 gold sales of 405 thousand ounces were lower than the October 2016 estimate of 590 thousand ounces primarily reflecting lower mining and milling rates at PT-FI, but were higher than fourth-quarter 2015 sales of 338 thousand ounces primarily reflecting higher mining and milling rates and higher ore grades at PT-FI.

Fourth-quarter 2016 molybdenum sales of 22 million pounds were slightly higher than the October 2016 estimate of 21 million pounds and fourth-quarter 2015 sales of 20 million pounds.

Sales volumes for the year 2017 are expected to approximate 4.1 billion pounds of copper, 2.2 million ounces of gold and 92 million pounds of molybdenum, including 1.0 billion pounds of copper, 460 thousand ounces of gold and 23 million pounds of molybdenum in first-quarter 2017. Estimated sales volumes assume the resumption of concentrate exports by PT-FI in February 2017 and the renewal of PT Smelting's export license. For each month of delay in obtaining approval to export, PT-FI's share of production is projected to be reduced by approximately 70 million pounds of copper and 100 thousand ounces of gold. Refer to page 8 for discussion of recent regulatory changes in Indonesia, which may have a significant impact on future results.

Consolidated Unit Costs

Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines (including Tenke) of \$1.20 per pound of copper in fourth-quarter 2016 were lower than unit net cash costs of \$1.45 per pound in fourth-quarter 2015, primarily reflecting higher by-product credits and higher sales volumes from Cerro Verde and PT-FI.

Assuming average prices of \$1,200 per ounce of gold and \$7.00 per pound of molybdenum for 2017 and achievement of current sales volume and cost estimates (including normal operations at PT-FI), consolidated unit net cash costs (net of by-product credits) for copper mines are expected to average \$1.06 per pound of copper for the year 2017. The impact of price changes on 2017 consolidated unit net cash costs would approximate \$0.025 per pound for each \$50 per ounce change in the average price of gold and \$0.025 per pound 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.

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, molybdenum concentrate, gold and silver are also produced by certain of FCX's North America copper mines.

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. FCX has significant undeveloped reserves and resources in North America and a portfolio of potential long-term development projects. Future investments will be undertaken based on the results of economic and technical feasibility studies, and market conditions.

In response to market conditions, beginning in the second half of 2015 FCX took actions to reduce operating and capital costs and adjusted production to reflect market conditions. These operating plans will continue to be reviewed and additional adjustments may be made as market conditions warrant.

Operating Data. Following is summary consolidated operating data for the North America copper mines for the fourth quarters and years ended 2016 and 2015:

	Three Months Ended		Years Ended	
	December 31, 2016	2015	December 31, 2016	2015
Copper (millions of recoverable pounds)				
Production	420	527	1,831	1,947
Sales, excluding purchases ^a	416	547	1,841	1,988
Average realized price per pound	\$ 2.45	\$ 2.22	\$2.24	\$2.47
Molybdenum (millions of recoverable pounds)				
Production ^b	8	9	33	37
Unit net cash costs per pound of copper ^c				
Site production and delivery, excluding adjustments	\$ 1.46	\$ 1.49	\$1.42	\$1.68
By-product credits	(0.13)	(0.07)	(0.12)	(0.13)
Treatment charges	0.11	0.11	0.11	0.12
Unit net cash costs	\$ 1.44	\$ 1.53	\$1.41	\$1.67

^a The impact of the May 2016 sale of a 13 percent undivided interest in Morenci was a decrease of 34 million pounds of copper for fourth-quarter 2016, compared with fourth-quarter 2015, and 84 million pounds of copper for the year 2016, compared with the year 2015.

^b Refer to summary operating data on page 4 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 XV, which are available on FCX's website, fcx.com.

North America's consolidated copper sales volumes of 416 million pounds in fourth-quarter 2016 were lower than fourth-quarter 2015 sales of 547 million pounds, primarily reflecting reduced mining rates, lower ore grades and the impact of the May 2016 sale of a portion of FCX's interest in Morenci. North America copper sales are estimated to approximate 1.5 billion pounds for the year 2017, compared with 1.8 billion pounds in 2016.

Average unit net cash costs (net of by-product credits) for the North America copper mines of \$1.44 per pound of copper in fourth-quarter 2016 were lower than unit net cash costs of \$1.53 per pound in fourth-quarter 2015, primarily reflecting higher by-product credits and cost reduction initiatives.

Average unit net cash costs (net of by-product credits) for the North America copper mines are expected to approximate \$1.55 per pound of copper for the year 2017, based on achievement of current sales volume and cost estimates and assuming an average molybdenum price of \$7.00 per pound. North America's average unit net cash costs for the year 2017 would change by approximately \$0.04 per pound for each \$2 per pound change in the average price of molybdenum.

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. The Cerro Verde expansion project commenced operations in September 2015 and achieved capacity operating rates during first-quarter 2016. Cerro Verde's expanded operations benefit from its large-scale, long-lived reserves and cost efficiencies. The project expanded the concentrator facilities from 120,000 metric tons of ore per day to 360,000 metric tons of ore per day and is on track to provide incremental annual production of approximately 600 million pounds of copper and 15 million pounds of molybdenum. Cerro Verde's copper production totaled 1.1 billion

pounds for the year 2016, compared with 545 million pounds for the year 2015.

In response to market conditions, in the second half of 2015 FCX adjusted operations at its El Abra mine to reduce mining and stacking rates by approximately 50 percent to achieve lower operating and labor costs, defer capital expenditures and extend the life of the existing operations.

FCX continues to evaluate a potential large-scale milling operation at El Abra to process additional sulfide material and to achieve higher recoveries. Exploration results in recent years at El Abra indicate a significant sulfide resource, which could potentially support a major mill project. Future investments will depend on technical studies, economic factors and market conditions.

Operating Data. Following is summary consolidated operating data for the South America mining operations for the fourth quarters and years ended 2016 and 2015:

	Three Months Ended		Years Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Copper (millions of recoverable pounds)				
Production	342	284	1,328	869
Sales	359	286	1,332	871
Average realized price per pound	\$ 2.50	\$ 2.16	\$ 2.31	\$ 2.38
Molybdenum (millions of recoverable pounds)				
Production ^a	7	2	21	7
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.35	\$ 1.43	\$ 1.26	\$ 1.60
By-product credits	(0.10)	(0.04)	(0.10)	(0.05)
Treatment charges	0.25	0.21	0.24	0.19
Royalty on metals	0.01	0.01	0.01	—
Unit net cash costs	\$ 1.51	\$ 1.61	\$ 1.41	\$ 1.74

a. Refer to summary operating data on page 4 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 XV, which are available on FCX's website, fcx.com.

South America's consolidated copper sales volumes of 359 million pounds in fourth-quarter 2016 were higher than fourth-quarter 2015 sales of 286 million pounds, reflecting Cerro Verde's expanded operations. Sales from South America mining are expected to approximate 1.3 billion pounds of copper for the year 2017, compared with 1.3 billion pounds of copper in 2016.

Average unit net cash costs (net of by-product credits) for South America mining of \$1.51 per pound of copper in fourth-quarter 2016 were lower than unit net cash costs of \$1.61 per pound in fourth-quarter 2015, primarily reflecting higher copper sales volumes and efficiencies associated with the Cerro Verde expansion and higher by-product credits. Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.61 per pound of copper for the year 2017, based on current sales volume and cost estimates and assuming an average price of \$7.00 per pound of molybdenum.

Indonesia Mining. Through its 90.64 percent owned and consolidated subsidiary PT-FI, FCX's assets include one of the world's largest copper and gold deposits at the Grasberg minerals district in Papua, Indonesia. PT-FI operates a proportionately consolidated joint venture, which produces copper concentrates that contain significant quantities of gold and silver.

Regulatory Matters. PT-FI continues to engage with Indonesian government officials regarding its long-term operating rights under its Contract of Work (COW), and its rights to export concentrate without restriction.

In July 2014, PT-FI and the Indonesian government entered into a Memorandum of Understanding (MOU), in which subject to concluding an agreement to extend PT-FI's operations beyond 2021 on acceptable terms, PT-FI agreed to construct new smelter capacity in Indonesia and to divest an additional 20.64 percent interest in PT-FI at fair market value. PT-FI also agreed to pay higher royalties and to pay export duties until certain smelter development milestones were met. In January 2015, the MOU was extended to July 25, 2015, and it expired on that date. The increased royalty rates, export duties and smelter assurance bond have remained in effect.

In October 2015, the Indonesian government provided a letter of assurance to PT-FI indicating that it would revise regulations

allowing it to approve the extension of operations beyond 2021, and provide the same rights and the same level of legal and fiscal certainty provided under its current COW.

In January 2017, the Indonesian government issued new regulations to address exports of unrefined metals, including copper concentrates and anode slimes, and other matters related to the mining sector. The new regulations permit the continuation of copper concentrate exports for a five year period through January 2022, subject to various conditions, including conversion from a contract of work to a special operating license (an IUPK), commitment to completion of smelter construction in five years and payment of export duties to be determined by the Ministry of Finance. In addition, the new regulations enable application for extension of operating rights five years before expiration of the IUPK and require foreign IUPK holders to divest 51 percent to Indonesian interests no later than the tenth year of production. Export licenses would be valid for one-year periods, subject to review every six months, depending on smelter construction progress.

The January 2017 regulations permit the export of anode slimes, which is necessary for PT Smelting (PT-FI's 25 percent owned copper smelter and refinery located in Gresik, Indonesia) to continue operating. PT Smelting is engaged in discussions with the Indonesian government related to the renewal of its anode slimes export license.

Following the issuance of the January 2017 regulations and discussions with the government, PT-FI advised the Indonesian government that it would convert its COW to an IUPK, subject to obtaining an investment stability agreement providing the same rights and the same level of legal and fiscal certainty enumerated under its COW. PT-FI also committed to constructing a new smelter during a five year timeframe after approval of the extension of its operating rights. The COW would remain in effect until it is replaced by a mutually satisfactory alternative.

PT-FI has requested that concentrate exports be permitted while the new license and stability agreement are negotiated. PT-FI is discussing the applicability of export duties and divestment requirements with the Indonesian government. Under its COW, PT-FI is not required to pay export duties on concentrate or to conduct further divestments.

As of January 25, 2017, PT-FI has not obtained approval to export concentrate. PT-FI has advised the Indonesian government that if it is prohibited from exporting copper concentrate it would be required to reduce production to match available capacity at PT Smelting or approximately 40 percent of PT-FI's capacity (assuming that PT Smelting's export license is approved). Under this scenario, PT-FI would be required to take near-term actions to reduce its workforce, significantly reduce costs and suspend future investments on its underground development projects and new smelter.

Under its COW, PT-FI has rights to export copper concentrate without restriction or payment of export duties. If necessary, PT-FI may consider legal action to enforce its contractual rights should it fail to reach a mutually satisfactory agreement with the Indonesian government.

In January 2017, the Indonesia Tax Court issued a ruling against PT-FI with respect to assessments from the local regional tax authority in Papua, Indonesia, for additional taxes and penalties related to surface water taxes for the period from January 2011 through July 2015 in the amount of \$376 million (based on exchange rates at December 31, 2016, and including \$227 million in penalties). The aggregate amount of assessments received from August 2015 through December 2016 was an additional \$93 million, including penalties. No amounts have been recorded at this time for these assessments because PT-FI's COW exempts it from these payments. PT-FI has the right to contest these assessments by appeal to the Indonesia Supreme Court and/or institute dispute resolution proceedings under the COW. Under Indonesian law, payment is required approximately 30 days after written receipt of the ruling. PT-FI expects to challenge this decision and is evaluating its options.

Operating and Development Activities. PT-FI is currently mining the final phase of the Grasberg open pit, which contains high copper and gold ore grades. PT-FI expects to mine high-grade ore over the next several quarters prior to transitioning to the Grasberg Block Cave underground mine during 2018.

PT-FI has several projects in progress in the Grasberg minerals district related to the development of its large-scale, long-lived, high-grade underground ore bodies. In aggregate, these underground ore bodies are expected to produce large-scale quantities of copper and gold following the transition from the Grasberg open pit. From 2017 to 2021, estimated aggregate capital spending on these projects is currently expected to average \$1.0 billion per year (\$0.8 billion per year net to PT-FI). Considering the long-term nature and size of these projects, actual costs could vary from these estimates. In response to market conditions and Indonesian regulatory uncertainty, the timing of these expenditures continues to be reviewed.

Operating Data. Following is summary consolidated operating data for the Indonesia mining operations for the fourth quarters and years ended 2016 and 2015:

	Three Months Ended		Years Ended	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Copper (millions of recoverable pounds)				
Production	369	201	1,063	752
Sales	352	195	1,054	744

Average realized price per pound	\$ 2.48	\$ 2.14	\$ 2.32	\$ 2.33
Gold (thousands of recoverable ounces)				
Production	424	345	1,061	1,232
Sales	401	333	1,054	1,224
Average realized price per ounce	\$ 1,174	\$ 1,066	\$ 1,237	\$ 1,129
Unit net cash costs per pound of copper ^a				
Site production and delivery, excluding adjustments	\$ 1.50	\$ 2.40	\$ 1.63	\$ 2.39
Gold and silver credits	(1.34)	(1.87)	(1.30)	(1.91)
Treatment charges	0.27	0.31	0.28	0.31
Export duties	0.09	0.10	0.09	0.15
Royalty on metals	0.13	0.15	0.13	0.15
Unit net cash costs	\$ 0.65	\$ 1.09	\$ 0.83	\$ 1.09

^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 XV, which are available on FCX's website, fcx.com.

Indonesia's consolidated sales of 352 million pounds of copper and 401 thousand ounces of gold in fourth-quarter 2016 were higher than fourth-quarter 2015 sales of 195 million pounds of copper and 333 thousand ounces of gold, primarily reflecting higher ore grades.

Indonesia's fourth-quarter 2016 sales were below October 2016 estimates by approximately 120 million pounds of copper and 190 thousand ounces of gold, principally reflecting lower mining rates in the Grasberg open pit, which affected the timing of its copper and gold production resulting in a deferral of volumes to future periods. Various initiatives are under way to improve productivity levels in the open pit.

At the Grasberg mine, the sequencing of mining areas with varying ore grades causes fluctuations in quarterly and annual production of copper and gold. Consolidated sales volumes from Indonesia mining operations (assuming normal operations, including the resumption of concentrate exports in February 2017 and the renewal of PT Smelting's export license) are expected to approximate 1.3 billion pounds of copper and 2.2 million ounces of gold for the year 2017, compared with 1.05 billion pounds of copper and 1.05 million ounces of gold for the year 2016. For each month of delay in obtaining approval to export, PT-FI's share of production is projected to be reduced by approximately 70 million pounds of copper and 100 thousand ounces of gold.

A significant portion of PT-FI's costs are fixed and unit costs vary depending on production volumes and other factors. Indonesia's unit net cash costs (including gold and silver credits) of \$0.65 per pound of copper in fourth-quarter 2016 were lower than unit net cash costs of \$1.09 per pound in fourth-quarter 2015, primarily reflecting higher sales volumes.

Anticipated higher ore grades from the Grasberg mine are expected to result in lower unit net cash costs in 2017. Assuming an average gold price of \$1,200 per ounce for 2017 and achievement of current sales volume and cost estimates (assuming normal operations), unit net cash credits (net of gold and silver credits) for Indonesia mining are expected to approximate \$0.03 per pound of copper for the year 2017. Indonesia mining's unit net cash credits for the year 2017 would change by approximately \$0.075 per pound for each \$50 per ounce change in the average price of gold. Because of the fixed nature of a large portion of Indonesia's costs, unit costs vary from quarter to quarter depending on copper and gold volumes.

Indonesia mining's projected sales volumes are dependent on a number of factors, including operational performance, the timing of shipments and its ability to continue to export copper concentrate.

Africa Mining. In November 2016, FCX completed the sale of its interest in TFHL, through which FCX held an effective 56 percent interest in the Tenke copper and cobalt mining concessions in the Southeast region of the DRC. In accordance with accounting guidelines, the operating results of Africa mining have been separately reported as discontinued operations in FCX's consolidated statements of operations for all periods presented.

The fourth-quarter 2016 loss on disposal of discontinued operations of \$16 million includes a charge of \$33 million for FCX's share of the settlement agreement entered into with La Générale des Carrières et des Mines (Gécamines), which is wholly owned by the DRC government, resulting in a resolution of all claims brought by Gécamines against FCX, including the action brought before the International Chamber of Commerce (ICC) International Arbitration Court, related to the sale of FCX's interest in TFHL to CMO. The parties to the settlement are FCX, CMO, [Lundin Mining Corp.](#), TFHL, Tenke Fungurume Mining S.A., BHR Newwood Investment Management Limited and Gécamines. Partly offsetting this charge is a gain of \$13 million recognized for the fair value of contingent consideration, which in accordance with accounting guidelines will continue to be adjusted through December 31, 2019.

Operating Data. Following is summary consolidated operating data for the Africa mining operations for the fourth quarters and years ended 2016 and 2015:

	Three Months Ended		Years Ended	
	December 31,	December 31,	December 31,	December 31,
	2016 ^a	2015	2016 ^a	2015
Copper (millions of recoverable pounds)				
Production	69	110	425	449
Sales	59	117	424	467
Average realized price per pound ^b	\$ 2.31	\$ 2.13	\$ 2.10	\$ 2.42
Cobalt (millions of contained pounds)				
Production	4	10	32	35
Sales	4	9	33	35
Average realized price per pound	\$ 8.66	\$ 6.47	\$ 7.45	\$ 8.21
Unit net cash costs per pound of copper ^c				
Site production and delivery, excluding adjustments	\$ 1.42	\$ 1.58	\$ 1.58	\$ 1.58
Cobalt credits ^d	(0.41)	(0.28)	(0.39)	(0.42)
Royalty on metals	0.05	0.05	0.05	0.05
Unit net cash costs	\$ 1.06	\$ 1.35	\$ 1.24	\$ 1.21

^a. Includes the results of Tenke through November 16, 2016.

^b. Includes point-of-sale transportation costs as negotiated in customer contracts.

^c. For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in net (loss) income from discontinued operations in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, fcx.com.

^d. Net of cobalt downstream processing and freight costs.

Molybdenum Mines. FCX has two wholly owned molybdenum mines in North America - the Henderson underground mine and the Climax open-pit mine, both in Colorado. 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 molybdenum concentrate produced at the Henderson and Climax mines, as well as from FCX's North and South America copper mines, is processed at FCX's conversion facilities.

Operating and Development Activities. In response to market conditions, the Henderson molybdenum mine operated at reduced rates during 2016, resulting in an approximate 65 percent reduction in its annual production volumes. During 2016, FCX incorporated changes in the commercial pricing structure for its chemical products to enable continuation of chemical-grade production.

Production from the Molybdenum mines totaled 7 million pounds of molybdenum in fourth-quarter 2016, 9 million pounds in fourth-quarter 2015, 26 million pounds in the year 2016 and 48 million pounds in the year 2015. Refer to summary operating data on page 4 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at the Molybdenum mines, and from FCX's North and South America copper mines.

Average unit net cash costs for the Molybdenum mines of \$8.26 per pound of molybdenum in fourth-quarter 2016 were higher than \$7.15 per pound in fourth-quarter 2015, primarily reflecting lower volumes. Based on current sales volume and cost estimates, unit net cash costs for the Molybdenum mines are expected to average approximately \$7.75 per pound of molybdenum for the year 2017.

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 XV, which are available on FCX's website, fcx.com.

Mining Exploration Activities. FCX's mining exploration activities are generally associated with its existing mines, focusing on opportunities to expand reserves and resources to support development of additional future production capacity. Exploration results continue to indicate opportunities for significant future potential reserve additions in North and South America. Exploration spending continues to be constrained by market conditions and is expected to approximate \$47 million for the year 2017, compared to \$44 million in 2016.

Preliminary Recoverable Proven and Probable Mineral Reserves. FCX has significant reserves, resources and future development opportunities within its portfolio of mining assets. FCX's preliminary estimated consolidated recoverable proven and probable reserves from its mines at December 31, 2016, include 86.8 billion pounds of copper, 26.1 million ounces of gold and 2.95 billion pounds of molybdenum, which were determined using long-term average prices of \$2.00 per pound for

copper, \$1,000 per ounce for gold and \$10.00 per pound for molybdenum. The preliminary recoverable proven and probable mining reserves presented in the table below represent the estimated metal quantities from which FCX expects to be paid after application of estimated metallurgical recovery rates and smelter recovery rates, where applicable. Recoverable reserve volumes are those which FCX estimates can be economically and legally extracted or produced at the time of the reserve determination.

Preliminary Recoverable Proven and Probable Mineral Reserves
Estimated at December 31, 2016

	Copper (billion pounds)	Gold (million ounces)	Molybdenum (billion pounds)
North America	30.4	0.3	2.31
South America	29.5	—	0.64
Indonesia	26.9	25.8	—
Consolidated basis ^a	86.8	26.1	2.95
Net equity interest ^b	70.5	23.7	2.65

^a. Consolidated reserves represent estimated metal quantities after reduction for joint venture partner interests at the Morenci mine in North America and the Grasberg minerals district in Indonesia. Excluded from the table above were FCX's estimated recoverable proven and probable reserves of 281.8 million ounces of silver, which was determined using a long-term average price of \$15 per ounce.

^b. Net equity interest reserves represent estimated consolidated metal quantities further reduced for noncontrolling interest ownership. Excluded from the table above were FCX's estimated recoverable proven and probable reserves of 226.0 million ounces of silver.

The following table summarizes changes in FCX's preliminary estimated consolidated recoverable proven and probable copper, gold and molybdenum reserves during 2016:

	Copper (billions of lbs)	Gold (millions of ozs)	Molybdenum (billions of lbs)
Reserves at December 31, 2015	99.5	27.1	3.05
Net additions	0.5	0.1	—
Production	(4.6)) ^a (1.1)) (0.08)
Sale of Tenke	(6.8)) —) —
Sale of 13 percent undivided interest in Morenci	(1.8)) —) (0.02)
Reserves at December 31, 2016	86.8	26.1	2.95

^a. Includes copper production of 0.4 billion pounds from the Tenke mine.

In addition to the preliminary consolidated recoverable proven and probable reserves, FCX's preliminary estimated mineralized material (assessed using a long-term average copper price of \$2.20 per pound for copper) totaled 102 billion pounds of incremental contained copper as of December 31, 2016. FCX continues to pursue opportunities to convert this material into reserves, future production volumes and cash flow.

OIL AND GAS OPERATIONS

In December 2016, FCX completed the sales of the Deepwater GOM and onshore California oil and gas properties for \$2.6 billion (before closing adjustments) and contingent consideration. FCX has the right to receive additional proceeds of up to \$300 million, including (i) \$150 million for contingent payments related to the Deepwater GOM sale, which will be payable to FCX as the buyer realizes future cash flows in connection with a third-party production handling agreement, and (ii) \$150 million related to the onshore California sale, which is based on the average price of Brent crude oil for the years 2018, 2019 and 2020. In connection with the Deepwater GOM transaction, FCX also settled a preferred stock obligation at its Plains Offshore Operations Inc. subsidiary for \$582 million (at September 30, 2016, this preferred stock obligation was recorded at \$774 million on FCX's consolidated balance sheet).

In January 2017, FCX entered into an agreement to sell its property interests in the Madden area for cash consideration of \$20 million. The transaction has an effective date of January 1, 2017, and is expected to close in first-quarter 2017. Following the completion of the Madden transaction, FCX's portfolio of oil and gas assets would include oil and natural gas production onshore in South Louisiana and on the GOM Shelf and oil production offshore California, which had oil and gas sales volumes of 1.5 MMBOE in fourth-quarter 2016.

CASH FLOWS, CASH, DEBT and EQUITY TRANSACTIONS

Operating Cash Flows. FCX generated operating cash flows of \$1.1 billion (net of \$406 million in working capital uses and changes in other tax payments) in fourth-quarter 2016 and \$3.7 billion (including \$57 million in working capital sources and

changes in other tax payments) for the year 2016.

Based on current sales volume and cost estimates and assuming average prices of \$2.50 per pound of copper, \$1,200 per ounce of gold and \$7.00 per pound of molybdenum, FCX's consolidated operating cash flows are estimated to approximate \$4.3 billion for the year 2017 (including \$1.0 billion in working capital sources and other tax payments). The impact of price changes during 2017 on operating cash flows would approximate \$385 million for each \$0.10 per pound change in the average price of copper, \$95 million for each \$50 per ounce change in the average price of gold and \$100 million for each \$2 per pound change in the average price of molybdenum. Projections for 2017 assume normal operating levels at PT-FI. Refer to page 8 for discussion of recent regulatory changes in Indonesia, which may have a significant impact on future results.

Capital Expenditures. Capital expenditures totaled \$504 million for fourth-quarter 2016, consisting of \$405 million for mining operations (including \$285 million for major projects) and \$99 million for oil and gas operations. Capital expenditures for the year 2016 totaled \$2.8 billion, consisting of \$1.6 billion for mining operations (including \$1.2 billion for major projects) and \$1.2 billion for oil and gas operations.

Capital expenditures are expected to approximate \$1.8 billion for the year 2017, including \$1.1 billion for major mining projects, primarily related to the development of underground mines by PT-FI. Refer to page 8 for discussion of recent regulatory changes in Indonesia, which may impact future investment in PT-FI's underground development projects.

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 December 31, 2016 (in millions):

Cash at domestic companies	\$3,908
Cash at international operations	337
Total consolidated cash and cash equivalents	4,245
Noncontrolling interests' share	(95)
Cash, net of noncontrolling interests' share	4,150
Withholding taxes and other	(22)
Net cash available	\$4,128

Debt. FCX continues to focus on cost and capital management and cash flow generation from its operations and has taken actions to improve its balance sheet through asset sales, available cash flows and other transactions. Following is a summary of total debt and the related weighted-average interest rates at December 31, 2016 (in billions, except percentages):

		Weighted- Average Interest Rate	
Senior Notes	\$ 14.4	4.4	%
Cerro Verde Credit Facility	1.4	2.7	%
Other FCX debt	0.2	3.1	%
Total debt	\$ 16.0	4.2	%

During fourth-quarter 2016, FCX repaid the \$2.5 billion balance of its Term Loan with proceeds from recent asset sales transactions and purchased \$38 million of its senior notes in open-market transactions. Additionally, in December 2016, FCX completed an exchange offer and consent solicitation associated with the Freeport-McMoRan Oil & Gas LLC (FM O&G) senior notes. Holders representing 89 percent of the outstanding FM O&G senior notes tendered their notes and were issued new FCX notes. Each series of newly issued FCX senior notes have an interest rate and maturity date that is identical to the interest rate and maturity date of the applicable series of FM O&G senior notes. The newly issued FCX senior notes are senior unsecured obligations of FCX and rank equally in right of payment with all other existing and future senior unsecured indebtedness of FCX.

At December 31, 2016, FCX had no borrowings, \$43 million in letters of credit issued and availability of \$3.5 billion under its \$3.5 billion revolving credit facility.

FCX's debt maturities, total \$1.2 billion in 2017 and \$1.5 billion in 2018 (excluding scheduled amortization of \$0.8 billion in 2018 for the Cerro Verde credit facility).

Equity. In November 2016, FCX completed its registered ATM offering of common stock announced in July 2016, which raised \$1.5 billion in gross proceeds through the sale of 116.5 million shares of FCX common stock. At December 31, 2016, FCX had 1.44 billion common shares outstanding.

FINANCIAL POLICY

FCX intends to continue to seek to strengthen its financial position, with a focus on debt reduction. In December 2015, FCX's common stock dividend was suspended. FCX's Board of Directors will continue to review its financial

policy on an ongoing basis.

WEBCAST INFORMATION

A conference call with securities analysts to discuss FCX's fourth-quarter 2016 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, February 24, 2017.

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 the world's largest publicly traded copper producer.

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 the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America. 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 projections or expectations relating to ore grades and milling rates, production and sales volumes, unit net cash costs, operating cash flows, capital expenditures, debt reduction initiatives, exploration efforts and results, development and production activities and costs, liquidity, tax rates, the impact of copper, gold and molybdenum price changes, the impact of deferred intercompany profits on earnings, reserve estimates, future dividend payments, and share purchases and sales. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential" and any similar expressions are intended to identify those assertions as forward-looking statements. Under its revolving credit facility, as amended, FCX is not permitted to pay dividends on common stock on or prior to March 31, 2017. The declaration of dividends is at the discretion of FCX's Board of Directors (Board), subject to restrictions under FCX's credit agreements, and will depend on FCX's financial results, cash requirements, future prospects, and other factors deemed relevant by the Board. This press release also includes forward-looking statements regarding mineralized material not included in reserves. The mineralized material described will not qualify as reserves until comprehensive engineering studies establish their feasibility. Accordingly, no assurance can be given that the estimated mineralized material not included in reserves will become proven and probable reserves.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements. Important factors that can cause FCX's actual results to differ materially from those anticipated in the forward-looking statements include supply of and demand for, and prices of, copper, gold and molybdenum, mine sequencing, production rates, potential effects of cost and capital expenditure reductions and production curtailments on financial results and cash flow, the outcome of FCX's debt reduction initiatives, FCX's ability to secure regulatory approvals, potential inventory adjustments, potential impairment of long-lived mining assets, the outcome of ongoing discussions with the Indonesian government regarding PT Freeport Indonesia's (PT-FI) Contract of Work (COW), the potential effects of violence in Indonesia generally and in the province of Papua, industry risks, regulatory changes, political risks, labor relations, weather- and climate-related risks, environmental risks, litigation results (including the final disposition of the recent unfavorable Indonesian Tax Court ruling relating to surface water taxes) 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, 2015, filed with the U.S. Securities and Exchange Commission (SEC) as updated by FCX's subsequent filings with the SEC. With respect to FCX's operations in Indonesia, such factors include whether PT-FI will be able to resume exporting its copper concentrate directly and indirectly through PT Smelting (PT-FI's 25 percent-owned Indonesian smelting unit), which depends upon the satisfactory resolution of complex regulatory matters in Indonesia. PT-FI's inability to export copper concentrate itself and through PT Smelting for any extended period of time would lead to the suspension of all of FCX's production in Indonesia.

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 unit net cash costs per pound of copper and molybdenum, oil and gas realized revenues, cash production costs and cash operating margin, 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, which are also available on FCX's website, fcx.com.

FREEMPORT-McMoRan INC.

SELECTED MINING OPERATING DATA

	Three Months Ended December 31,			
	Production		Sales	
	2016	2015	2016	2015
COPPER (millions of recoverable pounds)				
(FCX's net interest in %)				
North America				
Morenci (72%) ^a	190	246	188	255
Bagdad (100%)	38	53	39	56
Safford (100%)	57	66	56	66
Sierrita (100%)	40	49	39	50
Miami (100%)	5	10	6	11
Chino (100%)	69	83	69	87
Tyrone (100%)	20	19	18	21
Other (100%)	1	1	1	1
Total North America	420	527	416	547
South America				
Cerro Verde (53.56%)	293	211	307	209
El Abra (51%)	49	73	52	77
Total South America	342	284	359	286
Indonesia				
Grasberg (90.64%) ^b	369	201	352	195
Consolidated - continuing operations	1,131	1,012	1,127	^c 1,028
Discontinued operations - Tenke Fungurume (Tenke) (56%) ^d	69	110	59	117
Total	1,200	1,122	1,186	1,145
Less noncontrolling interests	225	201	227	204
Net	975	921	959	941
Average realized price per pound (continuing operations)			\$ 2.48	\$ 2.19
Average realized price per pound (including Tenke)			\$ 2.47	\$ 2.18
GOLD (thousands of recoverable ounces)				
(FCX's net interest in %)				
North America (100%)				
	6	5	4	5
Indonesia (90.64%) ^b				
	424	345	401	333
Consolidated	430	350	405	338
Less noncontrolling interests	40	32	38	31
Net	390	318	367	307
Average realized price per ounce			\$ 1,174	\$ 1,067
MOLYBDENUM (millions of recoverable pounds)				
(FCX's net interest in %)				
Henderson (100%)				
	3	4	N/A	N/A
Climax (100%)				
	4	5	N/A	N/A
North America copper mines (100%) ^a				
	8	9	N/A	N/A
Cerro Verde (53.56%)				
	7	2	N/A	N/A
Consolidated	22	20	22	20
Less noncontrolling interests	3	1	2	1
Net	19	19	20	19
Average realized price per pound			\$ 8.27	\$ 6.94

^a. Amounts are net of Morenci's undivided joint venture partner's interest; effective May 31, 2016, FCX's undivided interest in Morenci was prospectively reduced from 85 percent to 72 percent.

^b. Amounts are net of Grasberg's joint venture partner's interest, which varies in accordance with the terms of the joint venture agreement.

^c. Consolidated sales volumes exclude purchased copper of 57 million pounds in fourth-quarter 2016 and 29 million pounds in fourth-quarter 2015.

^d. On November 16, 2016, FCX completed the sale of its interest in the Tenke mine.

FREEMPORT-McMoRan INC.

SELECTED MINING OPERATING DATA (continued)

	Years Ended December 31,			
	Production		Sales	
	2016	2015	2016	2015
COPPER (millions of recoverable pounds)				
(FCX's net interest in %)				
North America				
Morenci (72%) ^a	848	902	855	915
Bagdad (100%)	177	210	180	222
Safford (100%)	230	202	229	198
Sierrita (100%)	162	189	162	196
Miami (100%)	25	43	27	46
Chino (100%)	308	314	308	319
Tyrone (100%)	76	84	75	89
Other (100%)	5	3	5	3
Total North America	1,831	1,947	1,841	1,988
South America				
Cerro Verde (53.56%)	1,108	545	1,105	544
El Abra (51%)	220	324	227	327
Total South America	1,328	869	1,332	871
Indonesia				
Grasberg (90.64%) ^b	1,063	752	1,054	744
Consolidated - continuing operations	4,222	3,568	4,227	^c 3,603
Discontinued operations - Tenke (56%) ^d	425	449	424	467
Total	4,647	4,017	4,651	4,070
Less noncontrolling interests	909	680	910	688
Net	3,738	3,337	3,741	3,382
Average realized price per pound (continuing operations)			\$ 2.28	\$ 2.42
Average realized price per pound (including Tenke)			\$ 2.27	\$ 2.42
GOLD (thousands of recoverable ounces)				
(FCX's net interest in %)				
North America (100%)				
Indonesia (90.64%) ^b	27	25	25	23
Consolidated	1,061	1,232	1,054	1,224
Less noncontrolling interests	1,088	1,257	1,079	1,247
Net	99	115	99	115
Average realized price per ounce	989	1,142	980	1,132
			\$ 1,238	\$ 1,129
MOLYBDENUM (millions of recoverable pounds)				
(FCX's net interest in %)				
Henderson (100%)				
Climax (100%)	10	25	N/A	N/A
North America (100%) ^a	16	23	N/A	N/A
Cerro Verde (53.56%)	33	37	N/A	N/A
Consolidated	21	7	N/A	N/A
Less noncontrolling interests	80	92	74	89
Net	9	3	6	4
Average realized price per pound	71	89	68	85
			\$ 8.33	\$ 8.70

^a. Amounts are net of Morenci's undivided joint venture partner's interest; effective May 31, 2016, FCX's undivided interest in Morenci was prospectively reduced from 85 percent to 72 percent.

^b. Amounts are net of Grasberg's joint venture partner's interest, which varies in accordance with the terms of the joint venture agreement.

^c. Consolidated sales volumes exclude purchased copper of 188 million pounds for the year 2016 and 121 million pounds for the year 2015.

^d. On November 16, 2016, FCX completed the sale of its interest in the Tenke mine.

FREEPORT-McMoRan INC.
SELECTED MINING OPERATING DATA (continued)

	Three Months Ended December 31, Years Ended Dec			
	2016	2015	2016	2015
100% North America Copper Mines				
Solution Extraction/Electrowinning (SX/EW) Operations				

Leach ore placed in stockpiles (metric tons per day)	662,700	906,500	739,200	909,000
Average copper ore grade (percent)	0.30	0.26	0.31	0.29
Copper production (millions of recoverable pounds)	303	326	1,224	1,110
Mill Operations				
Ore milled (metric tons per day)	302,300	319,300	300,500	312,000
Average ore grades (percent):				
Copper	0.44	0.50	0.47	0.44
Molybdenum	0.03	0.03	0.03	0.03
Copper recovery rate (percent)	83.0	84.8	85.5	85.5
Production (millions of recoverable pounds):				
Copper	193	244	854	972
Molybdenum	8	9	33	37
100% South America Mining				
SX/EW Operations				
Leach ore placed in stockpiles (metric tons per day)	132,400	113,800	151,600	193,000
Average copper ore grade (percent)	0.43	0.49	0.41	0.44
Copper production (millions of recoverable pounds)	78	100	328	430
Mill Operations				
Ore milled (metric tons per day)	366,500	240,100	353,400	152,000
Average ore grades:				
Copper (percent)	0.43	0.47	0.43	0.44
Molybdenum (percent)	0.02	0.02	0.02	0.03
Copper recovery rate (percent)	85.1	85.1	85.8	81.1
Production (millions of recoverable pounds):				
Copper	264	184	1,000	439
Molybdenum	7	2	21	7
100% Indonesia Mining				
Ore milled (metric tons per day): ^a				
Grasberg open pit	126,900	108,400	119,700	115,000
Deep Ore Zone underground mine	36,000	43,000	38,000	43,000
Deep Mill Level Zone (DMLZ) underground mine ^b	2,500	3,500	4,400	2,900
Grasberg Block Cave underground mine ^b	3,000	—	2,700	—
Big Gossan underground mine ^b	1,500	—	900	—
Total	169,900	154,900	165,700	162,000
Average ore grades:				
Copper (percent)	1.08	0.75	0.91	0.68
Gold (grams per metric ton)	0.97	0.92	0.68	0.73
Recovery rates (percent):				
Copper	92.0	90.9	91.0	90.0
Gold	83.7	84.1	82.2	83.0
Production (recoverable):				
Copper (millions of pounds)	326	201	1,062	752
Gold (thousands of ounces)	397	345	1,061	1,220
100% Africa Mining (Discontinued Operations) ^c				
Ore milled (metric tons per day)	14,100	15,900	15,200	14,000
Average ore grades (percent):				
Copper	4.53	3.64	4.18	4.00
Cobalt	0.42	0.51	0.44	0.44
Copper recovery rate (percent)	93.3	94.0	93.6	94.0
Production (millions of pounds):				
Copper (recoverable)	69	110	425	449
Cobalt (contained)	4	10	32	35
100% Molybdenum Mines				
Ore milled (metric tons per day)	20,000	25,900	18,300	34,000
Average molybdenum ore grade (percent)	0.18	0.20	0.21	0.21
Molybdenum production (millions of recoverable pounds)	7	9	26	48

^a. Amounts represent the approximate average daily throughput processed at PT Freeport Indonesia's (PT-FI) mill facilities from each producing mine and from development activities that result in metal production.

^b. Targeted production rates once the DMLZ underground mine reaches full capacity are expected to approximate 80,000 metric tons per day in 2021; production from the Grasberg Block Cave underground mine is expected to commence in 2018, and production from the Big Gossan underground mine has restarted.

^c. On November 16, 2016, FCX completed the sale of its interest in the Tenke mine.

FREEMPORT-McMoRan INC.
SELECTED U.S. OIL AND GAS OPERATING DATA

	Three Months Ended December 31,			
	Sales Volumes		Sales per Day	
	2016	2015	2016	2015
Gulf of Mexico (GOM)^a				
Oil (thousand barrels or MBbls)	5,436	5,796	59	63
Natural gas (million cubic feet or MMcf)	10,370	9,731	113	106
Natural gas liquids (NGLs, in MBbls)	42	576	1	6
Thousand barrels of oil equivalents (MBOE)	7,207	7,994	78	87
Average realized price per BOE ^b	\$ 39.75	\$ 32.65		
Cash production costs per BOE ^b	\$ 11.38	\$ 11.94		
Capital expenditures (in millions)	\$ 38	\$ 619		
CALIFORNIA^a				
Oil (MBbls)	2,836	3,162	31	34
Natural gas (MMcf)	456	490	5	5
NGLs (MBbls)	34	38	—	^c 1
MBOE	2,947	3,282	32	36
Average realized price per BOE ^b	\$ 42.88	\$ 32.44		
Cash production costs per BOE ^b	\$ 22.01	\$ 30.53		
Capital expenditures (in millions)	\$ 9	\$ 18		
HAYNESVILLE/MADDEN/OTHER^d				
Oil (MBbls)	1	38	—	^c 1
Natural gas (MMcf)	2,026	11,317	22	123
NGLs (MBbls)	—	11	—	^c —
MBOE	338	1,935	4	21
Average realized price per BOE ^b	\$ 16.13	\$ 13.11		
Cash production costs per BOE ^b	\$ 19.24	\$ 9.37		
Capital expenditures (in millions)	\$ —	\$ (1)		
TOTAL U.S. OIL AND GAS OPERATIONS				
Oil (MBbls)	8,273	8,996	90	98
Natural gas (MMcf)	12,852	21,538	140	234
NGLs (MBbls)	76	625	1	7
MBOE	10,492	^e 13,211	114	^e 144
Cash operating margin per BOE: ^b				
Realized revenue	\$ 39.88	^f \$ 37.49	^f	
Less: cash production costs	14.62	16.17		
Cash operating margin	\$ 25.26	\$ 21.32		
Depreciation, depletion and amortization per BOE	\$ 16.51	\$ 25.61		
Capital expenditures (in millions)	\$ 99	^g \$ 518	^g	

^a. In December 2016, FCX completed the sales of the Deepwater GOM and onshore California properties.

^b. Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. For reconciliations of average realized price and cash production costs per BOE to revenues and production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, www.fcx.com.

^c. Rounds to less than 1 MBbl per day.

^d. In July 2016, FCX completed the sale of its Haynesville shale assets. In January 2017, FCX entered into an agreement to sell its interests in the Madden area, which is expected to close first-quarter 2017.

^e. Includes sales of 8.7 MMBOE (94 MBOE per day) from the Deepwater GOM and onshore California oil and gas properties that were sold in December 2016.

^f. Includes realized cash gains on oil and gas derivative contracts of \$0.57 per BOE for fourth-quarter 2016 and \$7.76 per BOE for fourth-quarter 2015. FCX entered into the 2016 contracts as part of the terms to sell the onshore California properties; these contracts were assumed by the buyer at the completion of the sale. The 2015 contracts were managed on a consolidated basis; accordingly, fourth-quarter 2015 average realized prices per BOE by region do not reflect adjustments for crude oil derivative contracts.

^g. Consolidated capital expenditures for U.S. oil and gas operations reflect total spending, which includes accrual and other adjustments totaling \$52 million for fourth-quarter 2016 and \$(118) million for fourth-quarter 2015, that are not specifically allocated to the above regions. Excludes international oil and gas capital expenditures, primarily related to Morocco, totaling \$19 million for fourth-quarter 2015.

FREEPORT-McMoRan INC.
SELECTED U.S. OIL AND GAS OPERATING DATA (continued)

	Years Ended December 31,			
	Sales Volumes		Sales per Day	
	2016	2015	2016	2015
GOM^a				
Oil (MBbls)	22,906	22,161	63	61
Natural gas (MMcf)	39,004	35,878	107	98
NGLs (MBbls)	1,680	2,209	5	6
MBOE	31,087	30,350	85	83
Average realized price per BOE ^b	\$ 34.09	\$ 39.81		
Cash production costs per BOE ^b	\$ 12.20	\$ 15.46		
Capital expenditures (in millions)	\$ 595	\$ 2,630		
CALIFORNIA^a				
Oil (MBbls)	11,382	12,935	31	35
Natural gas (MMcf)	1,779	2,154	5	6
NGLs (MBbls)	138	166	—	^c 1
MBOE	11,817	13,460	32	37
Average realized price per BOE ^b	\$ 35.52	\$ 39.92		
Cash production costs per BOE ^b	\$ 24.43	\$ 30.66		
Capital expenditures (in millions)	\$ 31	\$ 90		
HAYNESVILLE/MADDEN/OTHER^d				
Oil (MBbls)	83	158	—	^c —
Natural gas (MMcf)	24,302	51,626	66	142
NGLs (MBbls)	21	50	—	^c —
MBOE	4,154	8,812	11	24
Average realized price per BOE ^b	\$ 12.98	\$ 15.77		
Cash production costs per BOE ^b	\$ 11.26	\$ 11.02		
Capital expenditures (in millions)	\$ 2	\$ 28		
TOTAL U.S. OIL AND GAS OPERATIONS				
Oil (MBbls)	34,371	35,254	94	96
Natural gas (MMcf)	65,085	89,658	178	246
NGLs (MBbls)	1,839	2,425	5	7
MBOE	47,058	52,622	128	144
Cash operating margin per BOE: ^b				
Realized revenue	\$ 32.59	^e \$ 43.54	^e	
Less: cash production costs	15.19	18.59		
Cash operating margin	\$ 17.40	\$ 24.95		
Depreciation, depletion and amortization per BOE	\$ 18.47	\$ 34.28		
Capital expenditures (in millions)	\$ 1,127	^f \$ 2,948	^f	

^a. In December 2016, FCX completed the sales of its Deepwater GOM and onshore California properties.

^b. Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. For reconciliations of average realized price and cash production costs per BOE to revenues and production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, www.fcx.com.

^c. Rounds to less than 1 MBbl per day.

^d. In July 2016, FCX completed the sale of its Haynesville shale assets. In January 2017, FCX entered into an agreement to sell its interests in the Madden area, which is expected to close first-quarter 2017.

^e. Includes realized cash gains on oil and gas derivative contracts of \$0.13 per BOE for the year 2016 and \$7.72 per BOE for the year 2015. FCX entered into the 2016 contracts as part of the terms to sell the onshore California properties; these contracts were assumed by the buyer at the completion of the sale. The 2015 contracts were managed on a consolidated basis; accordingly, the year 2015 average realized prices per BOE by region do not reflect adjustments for crude oil derivative contracts.

^f. Consolidated capital expenditures for U.S. oil and gas operations reflect total spending, which includes changes in capital expenditure accruals and other adjustments totaling \$499 million for the year ended 2016, and \$200 million for the year ended 2015 that are not specifically allocated to the above regions. Excludes international oil and gas capital expenditures totaling \$47 million for the year 2016 and \$100 million for the year 2015, primarily related to the Morocco oil and gas properties.

	December 31, 2016 (In Millions, except per share amounts)
Revenues ^a	\$ 4,377
Cost of sales:	
Production and delivery ^b	2,740
Depreciation, depletion and amortization	593
Impairment of oil and gas properties	—
Metals inventory adjustments	9
Total cost of sales	3,342
Selling, general and administrative expenses	199
Mining exploration and research expenses	18
Environmental obligations and shutdown costs	2
Net loss (gain) on sales of assets	113
Total costs and expenses	3,674
Operating income (loss)	703
Interest expense, net ^e	(181)
Net (loss) gain on exchanges and early extinguishment of debt	(25)
Other (expense) income, net	(5)
Income (loss) from continuing operations before income taxes and equity in affiliated companies' net earnings (losses)	492
(Provision for) benefit from income taxes ^f	(292)
Equity in affiliated companies' net earnings (losses)	2
Net income (loss) from continuing operations	202
Net (loss) income from discontinued operations ^g	(2)
Net income (loss)	200
Net (income) loss attributable to noncontrolling interests:	
Continuing operations	(81)
Discontinued operations	(19)
Gain on redemption and preferred dividends attributable to redeemable noncontrolling interest	192
Net income (loss) attributable to FCX common stock ^h	\$ 292
Basic and diluted net income (loss) per share attributable to common stockholders:	
Continuing operations	\$ 0.22
Discontinued operations	(0.01)
	\$ 0.21
Weighted-average common shares outstanding:	
Basic	1,403
Diluted	1,410
Dividends declared per share of common stock	\$ —

^a. Revenues include (i) adjustments to provisionally priced concentrate and cathode copper sales recognized in prior periods, which are included in the supplemental schedule, "Derivative Instruments" beginning on page XI, and (ii) net noncash mark-to-market losses associated with derivative instruments, which are summarized in the supplemental schedule, "Adjusted Net Income (Loss)," beginning on page IX.

^b. Includes net charges (i) at oil and gas operations associated with contract termination costs, drillship settlements/idle rig costs, inventory impairments and other net charges and (ii) at mining operations for asset retirement/impairment, restructuring and other net charges, which are summarized in the supplemental schedule, "Adjusted Net Income (Loss)," beginning on page IX for a summary of these charges.

^c. Includes restructuring charges at oil and gas operations, which are summarized in the supplemental schedule, "Adjusted Net Income (Loss)," beginning on page IX.

^d. Includes gains totaling \$183 million for (i) contingent payments associated with the sale of the Deepwater GOM oil and gas properties and (ii) contingent consideration associated with the sale of the onshore California oil and gas properties, which in accordance with accounting standards were adjusted through December 31, 2020.

^e. Consolidated interest expense, excluding capitalized interest, totaled \$207 million in fourth-quarter 2016, \$210 million in fourth-quarter 2015, \$832 million for the year 2016 and \$832 million for the year 2015.

^f. Refer to the supplemental schedule, "Income Taxes," on page XI for a summary of FCX's (provision for) benefit from income taxes.

^g. Reflects the results of TF Holdings Limited (TFHL) through November 16, 2016, and includes charges for allocated interest expense that was required to be repaid as a result of the sale of FCX's interest in TFHL. The fourth quarter and year 2016 also include a net (loss) income from discontinued operations, refer to the supplemental schedules on pages XXVIII to XXXI.

h. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. Refer to the supplemental schedule, "summary of net impacts from changes in these deferrals."

FREEPORT-McMoRan INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	December 31,	
	2016	2015
	(In Millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,245	\$ 177
Trade accounts receivable	1,126	645
Income and other tax receivables	879	1,332
Other accounts receivable	89	152
Inventories:		
Mill and leach stockpiles	1,338	1,539
Materials and supplies, net	1,306	1,575
Product	998	961
Other current assets	110	161
Held for sale	344	920
Total current assets	10,435	7,462
Property, plant, equipment and mine development costs, net	23,219	23,986
Oil and gas properties - full cost method:		
Subject to amortization, less accumulated amortization	74	2,262
Not subject to amortization	—	4,831
Long-term mill and leach stockpiles	1,633	1,663
Other assets	1,956	1,987
Held for sale	—	4,386
Total assets	\$ 37,317	\$ 46,577
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,393	\$ 3,232
Current portion of debt	1,232	649
Current portion of environmental and asset retirement obligations	369	272
Accrued income taxes	66	23
Held for sale	205	131
Total current liabilities	4,265	4,307
Long-term debt, less current portion	14,795	19,675
Deferred income taxes	3,768	3,567
Environmental and asset retirement obligations, less current portion	3,487	3,714
Other liabilities	1,745	1,641
Held for sale	—	865
Total liabilities	28,060	33,769
Redeemable noncontrolling interest	—	764
Equity:		
FCX stockholders' equity:		
Common stock	157	137
Capital in excess of par value	26,690	24,283
Accumulated deficit	(16,540)	(12,387)
Accumulated other comprehensive loss	(548)	(503)
Common stock held in treasury	(3,708)	(3,702)
Total FCX stockholders' equity	6,051	7,828
Noncontrolling interests	3,206	4,216
Total equity	9,257	12,044
Total liabilities and equity	\$ 37,317	\$ 46,577

FREEPORT-McMoRan INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Years Ended December 31,	
	2016	2015
	(In Millions)	
Cash flow from operating activities:		
Net loss	\$ (4,025)	\$ (12,089)
Adjustments to reconcile net loss to net cash provided by operating activities:		

Depreciation, depletion and amortization	2,610	3,497	
Impairment of oil and gas properties	4,317	13,144	
Non-cash drillship settlements and other contract terminations	689	—	
Metals inventory adjustments	36	338	
Asset impairments, inventory adjustments, restructuring and other	134	256	
Net gain on sales of assets	(649)	(39))
Stock-based compensation	86	85	
Net charges for environmental and asset retirement obligations, including accretion	191	209	
Payments for environmental and asset retirement obligations	(242)	(198))
Net gain on exchanges and early extinguishment of debt	(26)	—)
Deferred income taxes	239	(2,039))
Loss on disposal of discontinued operations	198	—)
Decrease (increase) in long-term mill and leach stockpiles	10	(212))
Net loss (gain) on oil and gas derivative contracts	35	(87))
Other, net	69	(18))
Changes in working capital and other tax payments, excluding amounts from dispositions:			
Accounts receivable	(175)	813)
Inventories	117	379	
Other current assets	37	97	
Accounts payable and accrued liabilities	(28)	(217))
Accrued income taxes and changes in other tax payments	106	(699))
Net cash provided by operating activities	3,729	3,220	
Cash flow from investing activities:			
Capital expenditures:			
North America copper mines	(102)	(355))
South America	(382)	(1,722))
Indonesia	(1,025)	(901))
Molybdenum mines	(2)	(13))
U.S. oil and gas operations	(1,127)	(2,948))
Other	(175)	(414))
Proceeds from sales of:			
Deepwater GOM and onshore California oil and gas properties	2,272	—	
Interest in TFHL	2,664	—	
Additional interest in Morenci	996	—	
Other assets	423	160	
Other, net	8	(53))
Net cash provided by (used in) investing activities	3,550	(6,246))
Cash flow from financing activities:			
Proceeds from debt	3,681	8,272	
Repayments of debt	(7,625)	(6,677))
Net proceeds from sale of common stock	1,515	1,936	
Cash dividends and distributions paid:			
Common stock	(6)	(605))
Noncontrolling interests, including redemption	(693)	(120))
Stock-based awards net payments, including excess tax benefit	(6)	(4))
Debt financing costs and other, net	(32)	(16))
Net cash (used in) provided by financing activities	(3,166)	2,786)
Net increase (decrease) in cash and cash equivalents	4,113	(240))
(Increase) decrease in cash and cash equivalents in assets held for sale	(45)	119)
Cash and cash equivalents at beginning of year	177	298	
Cash and cash equivalents at end of year	\$ 4,245	\$ 177	

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 and differs from net income (loss) attributable to common stock determined in accordance with U.S. generally accepted accounting principles. Adjusted net income (loss) 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).

Three Months Ended December 31,
2016 2015

	Pre-tax	After-tax	Per Share	Pre-tax	After-tax
Net income (loss) attributable to common stock	N/A	\$ 292	\$ 0.21	N/A	\$ (4,081)
Net noncash mark-to-market losses on oil derivative contracts	\$ (41) ^a	\$ (41)	\$ (0.03)	\$ (102)	\$ (63)
Impairment of oil and gas properties	—	—	—	(3,702)	(3,743)
Other oil and gas (charges) credits:					
Drillship settlements/idle rig and contract termination costs	(103) ^b	(103)	(0.07)	(13)	(8)
Inventory adjustments, asset impairment and other net credits (charges)	8	8	0.01	(116)	(73)
Net restructuring charges	(47)	(47)	(0.03)	—	—
Mining charges:					
Metals inventory adjustments	(9)	(9)	(0.01)	(184)	(118)
Asset impairment, restructuring and other net charges	(16)	(6)	—	(53)	(34)
Charges for executive retirement benefits	—	—	—	(18)	(12)
Adjustments to environmental obligations and related litigation reserves	5	5	—	(7)	(5)
Net loss on sales of assets	(113) ^c	(108)	(0.08)	—	—
Net loss on exchanges and early extinguishment of debt	(25)	(25)	(0.02)	—	—
Net tax credits	N/A	84	^d 0.06	N/A	—
Loss on disposal of discontinued operations	(16) ^e	(16)	(0.01)	—	—
Gain on redemption of redeemable noncontrolling interest	199	^f 199	0.14	—	—
	\$ (158)	\$ (59)	\$ (0.04)	\$ (4,195)	\$ (4,056)
Adjusted net income (loss) attributable to common stock	N/A	\$ 351	\$ 0.25	N/A	\$ (25)

a. As part of the terms to sell the onshore California oil and gas properties, FCX entered into derivative contracts for a portion of projects. These contracts were assumed by the buyer at completion of the sale.

b. Includes \$5 million for fair value adjustments of contingent payments related to drillship settlements, which in accordance with accounting guidelines will continue to be adjusted through June 30, 2017.

c. Primarily reflects estimated losses associated with the potential Freeport Cobalt and Kisanfu transactions. Also includes gains totaling \$150 million for contingent consideration associated with the oil and gas transactions, including (i) \$150 million for contingent payments related to the GOM sale, which is payable to FCX as the buyer realizes future cash flows in connection with a third-party production handling agreement, and (ii) \$33 million for the fair value of the potential \$150 million in contingent consideration related to the onshore California sale, which in accordance with accounting guidelines will continue to be adjusted through December 31, 2020.

d. For further discussion of net tax credits impacting fourth-quarter 2016, refer to "Income Taxes," on page XI.

e. Primarily reflects a charge of \$33 million associated with the settlement agreement entered into with La Générale des Carrières et des Mines (Gécamines) resulting in a resolution of all claims brought by Gécamines against FCX, partly offset by a gain of \$13 million for the fair value of the potential \$120 million in contingent consideration, which in accordance with accounting guidelines will continue to be adjusted through December 31, 2019.

f. Represents a gain on the settlement of FCX's preferred stock obligation at its Plains Offshore Operations Inc. subsidiary.

g. Per share amounts do not foot down because of rounding.

FREEPORT-McMoRan INC.
ADJUSTED NET INCOME (LOSS) (continued)

	Years Ended December 31,					
	2016			2015		
	Pre-tax	After-tax	Per Share	Pre-tax	After-tax	Per Share
Net loss attributable to common stock	N/A	\$ (4,154)	\$ (3.16)	N/A	\$ (12,236)	\$ (3.16)
Net noncash mark-to-market losses on oil derivative contracts	\$ (41) ^a	\$ (41)	\$ (0.03)	\$ (319)	\$ (198)	\$ (0.03)
Impairment of oil and gas properties	(4,317)	(4,317)	(3.28)	(13,144)	(11,598)	(3.28)
Other oil and gas charges:						
Drillship settlements/idle rig and contract termination costs	(926) ^b	(926)	(0.70)	(26)	(16)	(0.07)
Inventory adjustments, asset impairment and other net charges	(111)	(111)	(0.08)	(162)	(101)	(0.08)
Net restructuring charges	(85)	(85)	(0.06)	—	—	—
Mining net charges:						
Metals inventory adjustments	(36)	(36)	(0.03)	(338)	(217)	(0.03)
Asset retirement/impairment, restructuring and other net charges	(33)	(14)	(0.01)	(145)	(90)	(0.01)
Charges for executive retirement benefits	—	—	—	(18)	(12)	(0.01)
Adjustments to environmental obligations and related litigation reserves	16	16	0.01	(43)	(28)	(0.01)
Net gain on sales of assets	649	^c 649	0.49	39	25	0.01
Net gain on exchanges and early extinguishment of debt	26	26	0.02	—	—	—
Gain on shareholder derivative litigation settlement	—	—	—	92	92	0.01

Net tax credits	N/A	374	^d 0.28	N/A	—	&n
Loss on disposal of discontinued operations	(198) ^e (198) (0.15) —	—	&n
Gain on redemption of redeemable noncontrolling interest	199	^f 199	0.15	—	—	&n
	\$ (4,857)	\$ (4,464)	\$ (3.39)	\$ (14,064)	\$ (12,143)	\$ (
Adjusted net income (loss) attributable to common stock	N/A	\$ 310	\$ 0.23	N/A	\$ (93)	\$ (

^a. As part of the terms to sell the onshore California oil and gas properties, FCX entered into derivative contracts for a portion of project oil sales; these contracts were assumed by the buyer at completion of the sale.

^b. Includes \$23 million for the fair value of contingent payments related to drillship settlements, which in accordance with accounting guidelines will continue to be adjusted through June 30, 2017.

^c. Primarily reflects gains associated with the Morenci and Timok transactions, partly offset by estimated losses associated with the potential Freeport Cobalt and Kisanfu transactions. Also includes gains totaling \$183 million for contingent consideration associated with the oil and gas transactions, including (i) \$150 million for contingent payments related to the Deepwater GOM sale, which is payable to FCX as the buyer realizes future cash flows in connection with a third-party production handling agreement and (ii) \$33 million for the value of the potential \$150 million in contingent consideration related to the onshore California sale, which in accordance with accounting guidelines will continue to be adjusted through December 31, 2020.

^d. For further discussion of the net tax credits impacting the year 2016, refer to "Income Taxes," on page XI.

^e. Includes (i) a charge of \$33 million associated with the settlement agreement entered into with Gécamines resulting in a resolution of claims brought by Gécamines against FCX, and (ii) a gain of \$13 million for the fair value of the potential \$120 million in contingent consideration, which in accordance with accounting guidelines will continue to be adjusted through December 31, 2019.

^f. Represents a gain on the settlement of FCX's preferred stock obligation at its Plains Offshore Operations Inc. subsidiary.

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