

FREEPORT MCMORAN COPPER & GOLD INC

Form S-4/A

March 12, 2013

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As filed with the Securities and Exchange Commission on March 12, 2013

Registration No. 333-185747

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Freeport-McMoRan Copper & Gold Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of

1000
(Primary Standard Industrial

74-2480931
(I.R.S. Employer

incorporation)

Classification Code Number)
333 North Central Avenue

Identification Number)

Phoenix, AZ 85004-2189

(602) 366-8100

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Douglas N. Currault II

Assistant General Counsel and Corporate Secretary

333 North Central Avenue

Phoenix, AZ 85004-2189

(602) 366-8100

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

David E. Shapiro, Esq.

John F. Wombwell

Michael E. Dillard
Sean T. Wheeler

Wachtell, Lipton, Rosen & Katz

Executive Vice President, General Counsel and Secretary

Latham & Watkins LLP

51 West 52nd Street

Plains Exploration & Production Company

811 Main Street, Suite 3700

New York, NY 10019

700 Milam, Suite 3100

Houston, TX 77002

(212) 403-1000

Houston, TX 77002

(713) 546-5400

(713) 579-6000

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share of Common Stock	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee ⁽²⁾⁽³⁾
Common stock, par value \$0.10 per share	91,454,303	N/A	\$2,891,387,498.98	\$394,385.25

- (1) The maximum number of shares of Freeport-McMoRan Copper & Gold Inc. (FCX) common stock estimated to be issuable upon the completion of the IMONC LLC / Plains Exploration & Production Company (PXP) merger described herein. This number is based on the number of shares of PXP common stock estimated to be outstanding, or reserved for issuance under various plans, immediately prior to completion of the merger, and the exchange of each share of PXP common stock and share of PXP common stock reserved for issuance under various plans for cash and shares of FCX common stock pursuant to the formula set forth in the Agreement and Plan of Merger (the merger agreement), dated as of December 5, 2012, by and among FCX, IMONC LLC and PXP and the letter agreements entered into by FCX, PXP and PXP s named executive officers concurrently with the execution of the merger agreement based on the closing price of FCX common stock on December 21, 2012.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(f)(1), 457(f)(3) and 457(c) under the Securities Act, the proposed maximum aggregate offering price of the Registrant s common stock was calculated based upon the market value of shares of PXP common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (A) the product of (1) \$45.61, the average of the high and low prices per share of PXP common stock on December 21, 2012, as quoted on the New York Stock Exchange, multiplied by (2) 136,042,318, the maximum number of shares of PXP common stock which may be exchanged in the merger, less (B) the amount of cash to be paid by the Registrant in exchange for shares of PXP common stock (which equals \$3,313,502,625).
- (3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

SUBJECT TO COMPLETION, DATED March 12, 2013

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder:

On December 5, 2012, Plains Exploration & Production Company (PXP) agreed to merge with and into IMONC LLC, a wholly owned subsidiary of Freeport-McMoRan Copper & Gold Inc. (FCX). We are sending you this proxy statement/prospectus to invite you to attend a special meeting of PXP stockholders being held to vote on the merger and to ask you to vote at the special meeting in favor of the merger.

If the merger is completed, PXP will merge with and into IMONC LLC, with IMONC LLC surviving the merger as a wholly owned subsidiary of FCX, and you will be entitled to elect to receive your merger consideration in the form of cash or FCX common stock. Subject to the election, adjustment and proration procedures described in this document, you will be entitled to receive, in exchange for each share of PXP common stock you hold at the time of the merger, consideration, without interest, with a value equal to the sum of (i) \$25.00 and (ii) 0.6531 multiplied by the average closing price of FCX common stock on the New York Stock Exchange (the NYSE) for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger. We expect that the merger will generally be tax-free to you as to any shares of FCX common stock you receive in the merger and generally taxable to you as to any cash you receive.

The aggregate number of shares of FCX common stock that will be issued in the merger is approximately 91 million, and the aggregate amount of cash consideration that will be paid in the merger will be approximately \$3.5 billion, in each case subject to adjustment for changes in the number of PXP shares held in treasury and for exercises and forfeitures of certain PXP equity-based awards prior to the completion date of the merger and inclusive of certain shares of PXP common stock and PXP RSUs subject to the terms of certain letter agreements entered into by PXP, FCX and PXP's named executive officers. The letter agreements and other financial interests in the merger of PXP's directors and officers are described in the attached proxy statement/prospectus under the heading Proposal No. 1 The Merger PXP's Directors and Officers Have Financial Interests in the Merger , beginning on page 73.

The implied value of the merger consideration will fluctuate with the market price of FCX common stock. As explained in more detail in this document, whether you make a cash election, a stock election or no election, the value of the consideration you will receive as of the completion date of the merger will be substantially the same based on the average FCX closing price for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger.

As an example, if the average closing price of FCX common stock on the NYSE for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger is \$, which was the closing price of FCX common stock on the NYSE on , 2013 (the most recent practicable date prior to the mailing of this proxy statement), each share of PXP common stock would be converted into the right to receive either approximately \$ in cash or approximately shares of FCX common stock. Based on that FCX closing price, the shares of FCX common stock would have a market value of approximately \$. As an additional example, if the average closing price of FCX common stock on the NYSE for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger is \$38.28, which was the closing price for FCX common stock on December 4, 2012 (the last trading day prior to the announcement of the merger), each share of PXP common stock would be converted into the right to receive either \$50.00 in cash or approximately 1.3062 shares of FCX common stock. Based on that FCX closing price, the approximately 1.3062 shares of FCX common stock would

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have a market value of approximately \$50.00. A chart showing the cash and stock merger consideration at various hypothetical closing prices of FCX common stock is provided on page 7 of this document.

The market prices of both FCX common stock and PXP common stock will fluctuate before the merger. You should obtain current stock price quotations for FCX common stock and PXP common stock. FCX common stock is quoted on the NYSE under the symbol FCX and PXP common stock is quoted on the NYSE under the symbol PXP.

The special meeting of the stockholders of PXP will be held at _____, at _____, local time, on _____, 2013. **Your vote is important.** An affirmative vote of a majority of the outstanding shares of PXP's common stock entitled to vote as of the record date is required to adopt the merger agreement. Regardless of whether you plan to attend the special stockholders' meeting, please take the time to vote your shares in accordance with the instructions contained in this document.

Under Delaware law, if the merger is completed, holders of shares of PXP common stock who do not vote in favor of the adoption of the merger agreement may, under certain circumstances, have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and they comply with other Delaware law procedures and requirements explained in this document.

The PXP board of directors has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of PXP and its stockholders, and recommends that the PXP stockholders adopt the merger agreement.

This document describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including Risk Factors beginning on page 27, for a discussion of the risks relating to the proposed merger. You also can obtain information about FCX and PXP from documents that each company has filed with the Securities and Exchange Commission.

James C. Flores

Chairman of the Board, President and Chief Executive Officer

Plains Exploration & Production Company

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the FCX common stock to be issued under this document or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this document is _____, 2013, and it is first being mailed or otherwise delivered to PXP stockholders on or about _____, 2013.

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PLAINS EXPLORATION & PRODUCTION COMPANY

700 Milam, Suite 3100

Houston, Texas 77002

(713) 579-6000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON _____, 2013

Plains Exploration & Production Company will hold a special meeting of stockholders at _____, at _____, local time, on _____, 2013 to consider and vote upon the following proposals:

to adopt the Agreement and Plan of Merger, dated as of December 5, 2012, by and among Plains Exploration & Production Company (PXP), Freeport-McMoRan Copper & Gold Inc. (FCX) and IMONC LLC, a wholly owned subsidiary of FCX (Merger Sub), as such agreement may be amended from time to time (the merger agreement), which provides for, among other things, the merger of PXP with and into IMONC LLC, with IMONC LLC surviving the merger as a wholly owned subsidiary of FCX;

to consider and cast an advisory (non-binding) vote on the specified compensation that may be received by PXP s named executive officers in connection with the merger;

to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement; and

to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof. The PXP board of directors has fixed the close of business on _____, 2013 as the record date for the special meeting. Only PXP stockholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting.

A majority of the outstanding shares of PXP s common stock entitled to vote as of the record date is required to adopt the merger agreement. **Regardless of whether you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible. If you hold stock in your name as a stockholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. You may also authorize a proxy to vote your shares by either visiting the website or calling the toll-free number shown on your proxy card. If you hold your stock in street name through a bank or broker, please direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.** This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of PXP common stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before its exercise at the special meeting in the manner described in the accompanying document.

The PXP board of directors recommends that the PXP stockholders vote:

FOR the proposal to adopt the merger agreement;

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FOR the proposal to approve, on an advisory (non-binding) basis, the specified compensation that may be received by PXP's named executive officers in connection with the merger; and

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FOR any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement.

BY ORDER OF THE BOARD OF DIRECTORS,

John F. Wombwell

Executive Vice President, General Counsel and Secretary

, 2013

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD.

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REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about FCX and PXP from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document, other than certain exhibits to those documents, by requesting them in writing or by telephone from the appropriate company at the following addresses:

Freeport-McMoRan Copper & Gold Inc.

333 N. Central Ave.

Phoenix, AZ 85004

(602) 366-8100

Email: fcx_communications@fmi.com

Plains Exploration & Production Company

700 Milam, Suite 3100

Houston, TX 77002

(713) 579-6000

Email: investor@pxp.com

You will not be charged for any of these documents that you request. PXP stockholders requesting documents should do so by , 2013, in order to receive them before the special meeting.

See Where You Can Find More Information.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document to fully understand the voting procedures for the special meeting.

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to adopt the Agreement and Plan of Merger, dated as of December 5, 2012 (the merger agreement), by and among Plains Exploration & Production Company (PXP), Freeport-McMoRan Copper & Gold Inc. (FCX) and IMONC LLC, which provides for, among other things, the merger of PXP with and into IMONC LLC, with IMONC LLC surviving the merger as a wholly owned subsidiary of FCX.

Q: What do I need to do now?

A: With respect to the meeting, after you have carefully read this document and have decided how you wish to vote your shares, please vote your shares promptly. If you hold stock in your name as a stockholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. You may also authorize a proxy to vote your shares by telephone or through the Internet as instructed on the proxy card. If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy card, authorizing a proxy by telephone or through the Internet, or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the special meeting.

With respect to the merger, you should complete and return the election form, together with your stock certificates, to Computershare Trust Company N.A., the exchange agent for the merger, according to the instructions printed on the form or, if your shares are held in street name, according to your broker's instructions.

Q: When must I elect the type of merger consideration that I prefer to receive?

A: If you wish to elect the type of merger consideration you receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is also being mailed to PXP stockholders. You will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent, Computershare Trust Company N.A., at the address given in the materials, together with the certificates representing shares of PXP common stock, prior to the election deadline. The election deadline will be , 2013 or such other date as the parties agree. If you do not submit a properly completed and signed form of election to the exchange agent by the election deadline, you will have no control over the type of merger consideration you may receive, and consequently, may receive only cash, only FCX common stock or a combination of cash and FCX common stock in the merger. If you hold shares in street name, you will have to follow your broker's instructions to make an election.

Q: If I am a PXP stockholder, should I send in my PXP stock certificates with my proxy card?

A: No. Please DO NOT send your PXP stock certificates with your proxy card. You should carefully review and follow the instructions set forth in the form of election, which is also being mailed to PXP stockholders, regarding the surrender of your share certificates. You should then, prior to the election deadline, send your PXP common stock certificates to the exchange agent, together with your completed, signed form of election.

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Q: Are PXP stockholders entitled to appraisal rights?

A: Yes. PXP stockholders may exercise appraisal rights in connection with the merger under Delaware law by following the procedures required under Delaware law as described in this proxy statement/prospectus.

Q: Why is my vote important?

A: Because the presence at the special meeting of holders, present in person or represented by proxy, of a majority of the outstanding shares of PXP's common stock entitled to vote at the special meeting, is necessary to constitute a quorum, and because the affirmative vote of holders of a majority of the outstanding shares of PXP's common stock entitled to vote is necessary to complete the merger, every stockholder's vote is important. **The PXP board of directors recommends that you vote FOR the proposal to adopt the merger agreement; FOR the proposal to approve, on an advisory (non-binding) basis, the specified compensation that may be received by PXP's named executive officers in connection with the merger; and FOR any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement.**

Q: If my shares of common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal or the advisory proposal (a so-called "broker non-vote").

Because the required vote to adopt the merger agreement is based upon the number of PXP shares issued and outstanding on the record date and entitled to vote, and the required vote for adjournment of the special meeting is based upon the number of PXP shares held by stockholders present, in person or by proxy, and entitled to vote and not the number of PXP shares that are actually voted, the failure to provide your broker instructions will have the same effect as a vote cast against such proposals. With respect to the advisory proposal, only those votes cast for and against the proposal are counted and, accordingly, a failure to provide your broker instructions will have no effect on the vote to approve the advisory proposal. Broker non-votes, if any, are submitted by brokers or nominees in connection with the special meeting, will be treated as present for quorum purposes.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of PXP common stock can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. PXP reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q: Can I change my vote?

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, or by submitting another proxy via the Internet or by telephone, (2) delivering a written

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revocation letter to the Secretary of PXP, or (3) attending the special meeting in person, notifying the Secretary and voting by ballot at the special meeting. The mailing address of PXP's Secretary is 700 Milam, Suite 3100, Houston, Texas 77002.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying the Secretary of PXP and voting by ballot) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Q: When do you expect to complete the merger?

A: We expect to complete the merger in the second quarter of 2013. However, we cannot assure you when or if the merger will occur. Among other things, we cannot complete the merger until we obtain the approval of PXP stockholders at the special meeting.

Q: What will be the management structure of the combined company following completion of the merger?

A: James R. Moffett, Chairman of FCX and Co-chairman and Chief Executive Officer of McMoRan Exploration Co. (MMR), will continue as Chairman of the combined company. B. M. Mack Rankin, Jr. will continue in his role as Vice Chairman of the board of directors of the combined company. Richard C. Adkerson, President and Chief Executive Officer of FCX and Co-chairman of MMR, will continue as President and Chief Executive Officer and will be appointed Vice Chairman of the combined company. James C. Flores, Chairman, President and Chief Executive Officer of PXP, will be Vice Chairman of the combined company and Chief Executive Officer of its oil and gas operations. Kathleen L. Quirk will continue as Executive Vice President and Chief Financial Officer of the combined company. At closing, the combined company will add to its board of directors James C. Flores and two other members from PXP's board.

Q: Where will the headquarters of the combined company be?

A: The corporate headquarters of the combined company will be located in Phoenix, Arizona, and the combined company expects to maintain offices in Houston, Texas, New Orleans, Louisiana and elsewhere to support its oil and gas operations and certain administrative functions.

Q: How does the proposed merger relate to FCX's proposed merger with MMR?

A: On December 5, 2012, FCX entered into an Agreement and Plan of Merger with MMR and INAVN Corp., a Delaware corporation and wholly owned subsidiary of FCX (as amended from time to time, the MMR merger agreement), pursuant to which INAVN Corp. will merge with and into MMR, with MMR surviving the merger as a wholly owned subsidiary of FCX (the MMR merger). Concurrently with the filing of this proxy statement/prospectus, a proxy statement/prospectus is being filed in connection with the MMR merger that will be mailed to stockholders of MMR. The MMR merger is a separate transaction and the completion of the MMR merger is not a condition to the completion of the merger, and the completion of the merger is not a condition to the completion of the MMR merger.

Q: Whom should I call with questions about the special meeting or the merger?

A: PXP stockholders should call Innisfree M&A Incorporated (Stockholders: (888) 750-5834; Banks & Brokers: (212) 750-5833) or AST Phoenix Advisors (Stockholders: (877) 478-5038; Banks & Brokers: (212) 493-3910), PXP's proxy solicitors, with any questions about the merger and related transactions.

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SUMMARY

This summary highlights information contained elsewhere in this document and may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer in order to fully understand the merger and the related transactions. See [Where You Can Find More Information](#).

The Merger

The terms and conditions of the merger are contained in the merger agreement, which is attached as Annex A to this document. Please carefully read the merger agreement as it is the legal document that governs the merger.

PXP Will Merge with and into IMONC LLC, a Wholly Owned Subsidiary of FCX

We are proposing the merger of PXP with and into Merger Sub, with Merger Sub continuing as the surviving company and a wholly owned subsidiary of FCX.

PXP Stockholders Will Receive Cash and/or Shares of FCX Common Stock in the Merger Depending on Their Election and Any Proration

You will have the right to elect to receive merger consideration, without interest, for each of your shares of PXP common stock in the form of cash or shares of FCX common stock, subject to proration in the circumstances described below. In the event of proration, you may receive all or a portion of the merger consideration in a form other than that which you elected.

The implied value of the merger consideration will fluctuate with the market price of FCX common stock and will be determined based on the average closing price of FCX common stock on the NYSE for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger. As explained in more detail in this document, whether you make a cash election or a stock election, the value of the consideration you receive as of the completion date of the merger will be substantially the same based on the average FCX closing price used to calculate the merger consideration. You may specify different elections with respect to different shares that you hold (if, for example, you own 100 shares of PXP common stock, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

As an example, based on the average of the closing prices of FCX common stock on the NYSE for the ten trading days ending on _____, 2013, for each share of PXP common stock held, you would receive either approximately \$ _____ in cash or _____ shares of FCX common stock, subject to possible proration. We will compute the actual amount of cash and number of shares of FCX common stock that each PXP stockholder will receive in the merger using the formula contained in the merger agreement. For a summary of the formula contained in the merger agreement, see [The Merger Agreement](#) [Consideration To Be Received in the Merger](#).

Set forth below is a table showing the consideration that you would receive in a cash election, on the one hand, or in a stock election, on the other hand, under the merger consideration formula if the actual average of the closing prices of FCX common stock on the NYSE for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger were equal to the hypothetical range contained in the table. The table does not reflect the fact that cash will be paid instead of fractional shares.

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As described below, regardless of whether you make a cash election or a stock election, you may nevertheless receive a mix of cash and stock.

Hypothetical Ten-Day Closing Prices of FCX Common Stock	Cash Election: Cash Consideration Per Share	OR	Stock Election: Stock Consideration per share	
			Common Stock	Market Value (*)
\$25.00	\$41.33		1.6531	\$41.33
\$26.00	\$41.98		1.6146	\$41.98
\$27.00	\$42.63		1.5790	\$42.63
\$28.00	\$43.29		1.5460	\$43.29
\$29.00	\$43.94		1.5152	\$43.94
\$30.00	\$44.59		1.4864	\$44.59
\$31.00	\$45.25		1.4596	\$45.25
\$32.00	\$45.90		1.4344	\$45.90
\$33.00	\$46.55		1.4107	\$46.55
\$34.00	\$47.21		1.3884	\$47.21
\$35.00	\$47.86		1.3674	\$47.86
\$36.00	\$48.51		1.3475	\$48.51
\$37.00	\$49.16		1.3288	\$49.16
\$38.00	\$49.82		1.3110	\$49.82
\$39.00	\$50.47		1.2941	\$50.47
\$40.00	\$51.12		1.2781	\$51.12
\$41.00	\$51.78		1.2629	\$51.78
\$42.00	\$52.43		1.2483	\$52.43
\$43.00	\$53.08		1.2345	\$53.08
\$44.00	\$53.74		1.2213	\$53.74
\$45.00	\$54.39		1.2087	\$54.39

* Market value based on hypothetical ten-day average closing price on the NYSE of FCX common stock.

The examples above are illustrative only. The value of the merger consideration that you actually receive will be based on the actual average closing price of FCX common stock on the NYSE for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger, as described below. The actual average closing price may be outside the range of the amounts set forth above, and as a result, the actual value of the merger consideration per share of FCX common stock may not be shown in the above table.

Regardless of Whether You Make a Cash Election or a Stock Election, You May Nevertheless Receive a Mix of Cash and Stock

The aggregate number of shares of FCX common stock that will be issued in the merger is approximately 86.6 million, and the aggregate amount of cash that will be paid in the merger will be approximately \$3.31 billion, in each case subject to adjustment for changes in the number of PXP shares held in treasury and for exercises and forfeitures of certain PXP equity-based awards prior to the completion date of the merger and exclusive of certain shares of PXP common stock and PXP RSUs subject to the terms of certain letter agreements entered into by PXP, FCX and PXP's named executive officers as described under Proposal No. 1 The Merger PXP's Directors and Officers Have Financial Interests in the Merger Employment Agreements and Letter Agreements. As a result, if more PXP stockholders make valid elections to receive either FCX common stock or cash than is available as merger consideration under the merger agreement, those PXP stockholders electing the oversubscribed form of consideration will have the oversubscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

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What Holders of PXP Equity-Based Awards Will Receive

Pursuant to the terms of the merger agreement, each restricted share of PXP common stock that is outstanding immediately prior to the effective time of the merger (the "PXP Restricted Stock"), and each PXP restricted stock unit that has been granted or contractually promised by PXP as of the date of the merger agreement and that is outstanding immediately prior to or upon the effective time of the merger (the "PXP RSUs") that would be settled in shares of PXP common stock absent the merger (collectively, the "Stock-Settled PXP RSUs") (except for certain PXP RSUs held by each of the PXP named executive officers identified below) will become fully vested and be converted into the right to receive, at the election of the holder, cash consideration or stock consideration, subject to proration. Certain PXP RSUs held by each of the named executive officers of PXP as of the date of the merger agreement will become fully vested and will be converted into the right to receive cash consideration or stock consideration, subject to the terms and conditions set forth in certain letter agreements among each such named executive officer, FCX and PXP, which are described in further detail below. Each PXP RSU that would be settled in cash absent the merger (collectively, the

Cash-Settled PXP RSUs) will become fully vested in accordance with the terms of the applicable award agreement and be converted into the right to receive cash in an amount equal to the cash consideration.

Each stock appreciation right relating to shares of PXP common stock outstanding and unexercised as of the effective time of the merger will become fully vested and be converted into a stock appreciation right relating to shares of FCX common stock as described in the merger agreement.

Each compensatory equity award granted or issued by PXP after the date of the merger agreement and prior to the effective time of the merger will be converted into the same type of award covering shares of FCX common stock as described in the merger agreement, with the same terms and conditions as prior to the completion of the merger.

In Order To Make a Valid Election, You Must Properly Complete and Deliver the Form of Election

If you wish to elect the type of merger consideration you prefer to receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is also being mailed to PXP stockholders. You will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent at the address given in the materials, together with the certificates representing shares of PXP common stock (or a properly completed notice of guaranteed delivery) prior to the election deadline. The form of election also includes delivery instructions for shares held in book-entry form. You should *NOT* send your stock certificates with your proxy card.

The election deadline will be _____, 2013 or such other date as the parties agree. If you do not submit a properly completed and signed form of election to the exchange agent by the election deadline, you will have no control over the type of merger consideration you may receive, and, consequently, may receive only cash, only FCX common stock or a combination of cash and FCX common stock in the merger. If you hold shares in _____ street name, you will have to follow your broker's instructions to make an election.

Once you have tendered your PXP stock certificates to the exchange agent, you may not transfer your shares of PXP common stock represented by those stock certificates until the merger is completed, unless you revoke your election by written notice to the exchange agent that is received prior to the election deadline. If the merger is not completed and the merger agreement is terminated, stock certificates will be returned by the exchange agent.

If you are a registered PXP stockholder and fail to submit a properly completed form of election, together with your PXP stock certificates (or a properly completed notice of guaranteed delivery), prior to the election

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deadline, you will be deemed not to have made an election. As a non-electing holder, you will be paid merger consideration in an amount per share that is equivalent in value to the amount paid per share to holders making elections, but you may be paid all in cash, all in FCX common stock, or in part cash and in part FCX common stock, depending on the remaining pool of cash and FCX common stock available for paying the merger consideration after honoring the cash elections and stock elections that other stockholders have made, and without regard to your preference.

The Merger Has Been Structured to Be Tax-Free to PXP Stockholders to the Extent They Receive FCX Common Stock

The exchange by U.S. holders of PXP common stock for FCX common stock has been structured to be generally tax-free for U.S. federal income tax purposes, except that:

U.S. holders of PXP common stock that receive both cash and FCX common stock generally will recognize gain, but not loss, to the extent of the cash received;

U.S. holders of PXP common stock that receive only cash generally will recognize gain or loss; and

U.S. holders of PXP common stock generally will recognize gain or loss with respect to cash received instead of fractional shares of FCX common stock that such holders would otherwise be entitled to receive.

For further information, please refer to Material United States Federal Income Tax Consequences of the Merger.

The United States federal income tax consequences described above may not apply to all holders of PXP common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Comparative Market Prices and Share Information

FCX common stock is quoted on the NYSE under the symbol FCX. PXP common stock is quoted on the NYSE under the symbol PXP. The following table shows the closing sale prices of FCX common stock and PXP common stock as reported on the NYSE on December 4, 2012, the last trading day before we announced the merger, and on March 8, 2013, the last practicable trading day prior to the date of this document. The table also presents the equivalent value of the merger consideration per share of PXP common stock on December 4, 2012 and March 8, 2013, calculated by multiplying the closing price of FCX common stock on those dates by 1.3062 and 1.4043, respectively, each representing the number of shares of FCX common stock that PXP stockholders electing to receive FCX common stock would receive in the merger for each share of PXP common stock, assuming that the average of the closing prices of FCX common stock on the NYSE for the ten trading days immediately preceding the date which is five trading days immediately prior to the completion date of the merger was the closing price of FCX common stock on December 4, 2012 and March 8, 2013, respectively, and assuming no proration.

	FCX Common Stock	PXP Common Stock	Equivalent per Share Value
At December 4, 2012	\$ 38.28	\$ 36.05	\$ 50.00
At March 8, 2013	\$33.28	\$46.48	\$46.74

The market price of FCX common stock and PXP common stock will fluctuate prior to the merger. You should obtain current stock price quotations for FCX common stock and PXP common stock.

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Barclays Capital Inc. (Barclays) has Provided an Opinion to the PXP Board of Directors Regarding the Merger Consideration

PXP's financial advisor, Barclays, has conducted financial analyses and delivered an opinion to the PXP board of directors that, as of the date of the merger agreement and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the consideration to be offered to PXP stockholders was fair to PXP stockholders. The full text of Barclays' written opinion, dated as of December 5, 2012, is attached as Annex B to this document and is incorporated by reference herein in its entirety. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. PXP stockholders are encouraged to read the opinion and the description carefully and in their entirety. This summary and the description of the opinion are qualified in their entirety by reference to the full text of the opinion.

The PXP Board of Directors Recommends that PXP Stockholders Vote FOR Adoption of the Merger Agreement

The PXP board of directors believes that the merger is in the best interests of PXP and its stockholders and has unanimously approved the merger and the merger agreement. The PXP board of directors recommends that PXP stockholders vote FOR adoption of the merger agreement.

PXP's Directors and Officers Have Financial Interests in the Merger That May Differ From Your Interests

In considering the information contained in this document, you should be aware that the executive officers and directors of PXP have financial interests in the merger that may be different from, or in addition to, the interests of other PXP stockholders. These additional interests of the executive officers and directors of PXP may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it as a stockholder.

For example, please be aware of the following interests:

PXP's executive officers hold PXP RSUs, and PXP's directors hold PXP RSUs and PXP Restricted Stock, that will vest as a result of the merger. The aggregate value of these PXP RSUs and shares of PXP Restricted Stock held by the executive officers, assuming that they remain employed through the completion of the merger, and the directors is estimated to be \$168,952,386.

PXP has previously entered into employment agreements with each of Messrs. Flores, Bourgeois, Talbert and Wombwell. Under the terms of these employment agreements, as amended by letter agreements entered into with PXP and FCX in connection with the merger (as described below), each executive officer is entitled to receive certain severance pay and benefits in the event of certain qualifying terminations of employment, including cash severance pay, continued health insurance benefits, accelerated vesting of equity awards and, as discussed below, certain excise tax gross-up payments. If each executive officer experiences a qualifying termination of employment immediately after the merger, the aggregate value of all cash severance pay, continued health insurance benefits and accelerated vesting of equity awards to be received by the executive officers is estimated to be \$205,951,005.

Each of Messrs. Flores, Bourgeois, Talbert and Wombwell is also entitled to receive certain excise tax gross-up payments under the terms of his employment agreement. The aggregate value of such excise tax gross-up payments to be received by the executive officers in connection with the merger is estimated to be \$26,498,474, if the officers remain employed following the merger, and \$46,363,821, if each executive officer experiences a qualifying termination of employment immediately after the merger.

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In connection with the merger, each of Messrs. Flores, Bourgeois, Talbert and Wombwell entered into a letter agreement with PXP and FCX which generally provides that FCX will assume the current employment agreement between the executive and PXP, subject to the amendment and the executive's waiver of certain provisions thereof and such other terms and conditions set forth in the letter agreement. In brief, the letter agreements provide that each executive officer will waive the right to resign and receive severance payments or benefits under his current employment agreement solely as a result of the merger or certain changes in position, duties or reporting relationships. In addition, Mr. Flores has agreed to take 100% stock consideration, and Messrs. Bourgeois, Talbert and Wombwell have agreed to take no less than 75% stock consideration, in settlement of certain Stock-Settled PXP RSUs that fully vest as a result of the merger. The shares of FCX common stock delivered in settlement of such Stock-Settled PXP RSUs will generally be subject to a holding requirement (subject to certain exceptions) from the closing date of the merger through the third anniversary thereof, which extends beyond the original vesting periods for some of these Stock-Settled PXP RSUs.

PXP's directors, officers and employees are entitled to continued indemnification and insurance coverage under the merger agreement.

The PXP board of directors was aware of these interests and took them into account in its decision to approve the merger agreement. For information concerning these interests, please see the discussion under the caption "Proposal No. 1 The Merger PXP's Directors and Officers Have Financial Interests in the Merger."

Appraisal Rights

Under Section 262 of the General Corporation Law of the State of Delaware (the "DGCL"), holders of PXP common stock may have the right to obtain an appraisal of the fair value of their shares of PXP common stock in connection with the merger. To perfect appraisal rights, a PXP stockholder must not vote for the adoption of the merger agreement, must continue to hold their shares of common stock through the effective date of the merger and must strictly comply with all of the procedures required under Delaware law, including submitting a written demand for appraisal to PXP prior to the special meeting. Failure to strictly comply with Section 262 of the DGCL by a PXP stockholder may result in the loss or waiver of that stockholder's appraisal rights. Because of the complexity of Delaware law relating to appraisal rights, if any PXP stockholder is considering exercising his, her or its appraisal rights, FCX and PXP encourage such PXP stockholder to seek the advice of his, her or its own legal counsel. A summary of the requirements under Delaware law to exercise appraisal rights is included in this document under

Proposal No. 1 The Merger Appraisal Rights and the text of Section 262 of the DGCL as in effect with respect to this transaction is included as Annex C to this document.

Conditions That Must Be Satisfied or Waived for the Merger to Occur

Currently, we expect to complete the merger in the second quarter of 2013. As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval by PXP stockholders, the receipt of all required regulatory approvals (including Merger Sub obtaining the necessary qualifications required by the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement to hold or operate oil and gas interests in the Gulf of Mexico), and the receipt of legal opinions by each company regarding the tax treatment of the merger. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement

The merger agreement can be terminated at any time prior to completion by:

mutual written consent of FCX and PXP,

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either FCX or PXP, if the merger is not completed on or prior to June 5, 2013 (the "End Date"), provided that if all conditions have been satisfied other than the conditions relating to clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), effectiveness of the S-4 or absence of injunctions, then the End Date may be extended by either FCX or PXP by notice to the other to a date not later than September 5, 2013, and provided further that the right to terminate is not available to a party if the failure of closing by the End Date results from a material breach by such party of any representation, warranty, covenant or other agreement and the non-terminating party files and pursues an action seeking specific performance,

either FCX or PXP, if a final and non-appealable injunction is entered prohibiting the closing, unless such injunction is due to the failure of the terminating party to perform any of its obligations under the agreement,

either FCX or PXP, if the PXP stockholders' meeting (including any adjournments or postponements) has concluded and the requisite approval of PXP stockholders is not obtained,

PXP, if FCX breaches the merger agreement in a manner that would cause a condition to PXP's obligation to close not to be satisfied and such breach is either not curable by the End Date or FCX fails to diligently attempt to cure such breach after receipt of written notice of such breach from PXP, provided PXP is not in material breach of the merger agreement,

FCX, if PXP breaches the merger agreement in a manner that would cause a condition to FCX's obligation to close not to be satisfied and such breach is either not curable by the End Date or PXP fails to diligently attempt to cure such breach after receipt of written notice of such breach from FCX, provided FCX is not in material breach of the merger agreement, and

FCX, prior to adoption of the merger agreement by stockholders of PXP, in the event that either (i) the PXP board of the directors changes its recommendation to stockholders to adopt the merger agreement or (ii) PXP materially breaches any of its non-solicitation obligations in the merger agreement.

If the merger agreement is terminated, there will be no liability on the part of FCX or PXP, except that (1) both FCX and PXP will remain liable for any willful or intentional breach of any covenant or agreement or willful or intentional breach of any representation or warranty in the merger agreement occurring prior to termination or as provided for in the Confidentiality Agreement between PXP and FCX and (2) PXP may be required to pay FCX a termination fee and/or reimburse certain expenses of FCX.

Termination Fee

If the merger agreement is terminated:

by either FCX or PXP because the PXP stockholders' meeting was concluded and the PXP stockholder approval was not obtained, or

by FCX because the PXP board of directors changes its recommendation to stockholders due to an intervening event other than an alternative takeover proposal, then

PXP will pay FCX up to \$69,000,000 in respect of its expenses within two business days of such termination.

If the merger agreement is terminated by FCX because PXP changes its recommendation to stockholders due to an alternative takeover proposal or materially breaches its non-solicitation obligations in the merger agreement, then PXP will pay FCX a termination fee of \$207,000,000 (less any amounts previously paid in respect of expenses).

If the merger agreement is terminated by PXP because the merger has not closed by the End Date and at the time of termination (1) the PXP stockholders' meeting has concluded and the PXP stockholder approval was not

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obtained, and (2) FCX would have been permitted to terminate the merger agreement because the PXP board of directors has changed its recommendation to stockholders due to an alternative takeover proposal or has materially breached its non-solicitation obligations, then PXP will pay FCX a termination fee of \$207,000,000 (less any amounts previously paid in respect of expenses).

If the merger agreement is terminated:

by FCX or PXP because the merger has not closed by the End Date,

by FCX or PXP because the PXP stockholders' meeting has concluded and the requisite stockholder approval was not obtained, or

by FCX because of PXP's uncured material breach of the merger agreement, and, in each case, (i) a company takeover proposal (as defined in the description of the non-solicitation provisions herein, except that for purposes of the termination fee provisions references to 15% are changed to references to 50%) is publicly announced and not withdrawn at least 15 business days prior to the PXP stockholders' meeting AND (ii) at any time on or prior to the twelve month anniversary of such termination PXP enters into a definitive agreement with respect to or completes the transaction contemplated by any company takeover proposal, then PXP will pay FCX up to \$69,000,000 in respect of expenses (less any amounts previously paid in respect of expenses) within two business days of such termination and a termination fee of \$207,000,000 (less any amounts paid in respect of expenses) upon the earlier of entering into such definitive agreement or completing such company takeover proposal.

Regulatory Approvals Required for the Merger

PXP and FCX have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval (or a waiver from the application requirement) from the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, the Federal Trade Commission and the Antitrust Division of the Department of Justice, as well as various other federal and regulatory authorities. FCX and PXP have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals. On December 26, 2012, the Federal Trade Commission granted early termination of the waiting period with respect to the merger.

Although we do not know of any reason why we cannot obtain these regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them.

The Rights of PXP Stockholders who Receive the Stock Consideration will be Governed by the FCX Certificate of Incorporation and Bylaws after the Merger

The rights of PXP stockholders will change as a result of the merger due to differences in FCX's and PXP's governing documents. This document contains a description of stockholder rights under each of the FCX and PXP governing documents and describes the material difference between them.

PXP will Hold its Special Meeting on _____, 2013

The special meeting will be held at _____, at _____, local time, on _____, 2013. At the special meeting, PXP stockholders will be asked to:

adopt the merger agreement;

consider and cast an advisory (non-binding) vote on the specified compensation that may be received by PXP's named executive officers in connection with the merger;

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approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement; and

to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Record Date. Only holders of record of PXP common stock at the close of business on _____, 2013 will be entitled to vote at the special meeting. Each share of PXP common stock is entitled to one vote. As of the record date of _____, 2013, there were approximately _____ shares of PXP common stock entitled to vote at the special meeting.

Required Vote. The affirmative vote of holders of a majority of the outstanding shares of PXP's common stock entitled to vote as of the record date is required to adopt the merger agreement. The affirmative vote of holders of a majority of the shares of PXP's common stock present at the meeting, in person or by proxy, and entitled to vote is required to approve any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement. Abstentions and any broker non-votes will have the same effect as a vote cast against such proposals.

A majority of the votes cast is required to approve, on an advisory (non-binding) basis, the specified compensation that may be received by PXP's named executive officers in connection with the merger. The vote to approve the specified compensation is not a condition to the completion of the merger, and the vote of PXP's stockholders on the proposal is advisory in nature and will not be binding on FCX or PXP. Accordingly, regardless of the outcome of the advisory vote, if the merger is approved and completed, specified compensation may be paid. Abstentions and any broker non-votes will not be counted for or against a proposal and, accordingly, will not have an effect on the outcome of the advisory vote.

As of the record date, directors and executive officers of PXP and its affiliates had the right to vote approximately _____ shares of PXP common stock, or _____ % of the outstanding PXP common stock entitled to be voted at the special meeting.

Litigation Relating to the Merger

Following the announcement of the merger on December 5, 2012, seventeen putative class and derivative actions challenging the transaction were filed by purported PXP and FCX stockholders. Three putative class actions were filed on behalf of PXP stockholders in the Court of Chancery of the State of Delaware. The Delaware class actions have been consolidated into a single action. The action names as defendants PXP, PXP's directors, FCX, and an FCX subsidiary. The action alleges that PXP's directors breached their fiduciary duties because they, among other things, pursued their own interests at the expense of stockholders, failed to maximize stockholder value with respect to the merger, and failed to disclose material facts regarding the merger, and that FCX and an FCX subsidiary aided and abetted the purported breach of fiduciary duties by PXP's directors. The action seeks as relief an injunction barring or rescinding the merger, damages, and attorneys' fees and costs.

Fourteen derivative actions challenging both the merger and the MMR merger were filed on behalf of FCX by purported FCX stockholders in the Court of Chancery of the State of Delaware and in the Superior Court of the State of Arizona, County of Maricopa. All but one of the Delaware derivative actions have been consolidated into a single action and certain of the Arizona actions have been consolidated. The parties to the consolidated Delaware action have agreed to allow the Arizona plaintiffs to intervene in the consolidated Delaware action, and the Arizona plaintiffs have agreed to seek a permanent stay of the Arizona actions. The actions name some or all of the following as defendants: the directors and certain officers of FCX, two FCX subsidiaries, PXP and certain of its directors, and MMR and certain of its directors. The actions allege that the FCX directors breached their fiduciary duties because they, among other things, pursued their own interests at the expense of stockholders in

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approving the merger and the MMR merger. The complaints also allege that some or all of the following parties aided and abetted the wrongful acts allegedly committed by the directors and certain officers of FCX board: two FCX subsidiaries, PXP and certain of its directors, and MMR and certain of its directors. The actions seek as relief, among other things, an injunction barring or rescinding both the merger and the MMR merger transactions and requiring submission of the proposed merger and MMR merger to a vote of FCX stockholders, damages, and attorneys fees and costs.

In addition, ten putative class actions challenging the MMR merger were filed on behalf of MMR stockholders in the Court of Chancery of the State of Delaware and in the Civil District Court for the Parish of Orleans of the State of Louisiana. The Delaware actions have been consolidated into a single action. The actions allege that MMR's directors breached their fiduciary duties because they, among other things, pursued their own interests at the expense of stockholders, failed to maximize stockholder value with respect to the MMR merger, and failed to disclose material facts regarding the MMR merger, and that PXP, FCX, or both, aided and abetted the breach of fiduciary duty by MMR's directors. The Delaware action also asserts claims derivatively on behalf of MMR. The actions seek, among other things, injunctive relief barring or rescinding the MMR merger, damages, and attorneys' fees and costs. The PXP and FCX defendants believe the lawsuits are without merit and intend to defend vigorously against them.

Information about the Companies

Freeport-McMoRan Copper & Gold Inc.

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 has a dynamic portfolio of operating, expansion and growth projects in the copper industry and is the world's largest producer of molybdenum. FCX's portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold mines in terms of recoverable reserves, significant mining operations in the Americas, including the large scale Morenci minerals district in North America and the Cerro Verde and El Abra operations in South America, and the highly prospective Tenke Fungurume minerals district in the Democratic Republic of Congo. At December 31, 2012, consolidated recoverable proven and probable reserves included 116.5 billion pounds of copper, 32.5 million ounces of gold and 3.42 billion pounds of molybdenum. FCX's global workforce includes approximately 34,000 employees. FCX's stock trades on the NYSE under the ticker symbol "FCX". As of December 31, 2012, FCX had total consolidated assets of approximately \$35.4 billion and total consolidated equity of approximately \$21.3 billion. The principal executive offices of FCX are located at 333 North Central Avenue, Phoenix, AZ 85004-2189, and its telephone number is (602) 366-8100.

Plains Exploration & Production Company

PXP is an independent energy company engaged in the upstream oil and gas business. The upstream business acquires, develops, explores for and produces oil and gas. PXP's upstream activities are located in the United States. PXP owns oil and gas properties with principal operations in:

Onshore California;

Offshore California;

the Gulf of Mexico;

the Gulf Coast Region; and

the Rocky Mountains.

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As of December 31, 2012, PXP's proved reserves were 440.4 million barrels of oil equivalent, of which 82% was comprised of oil and 63% was proved developed. PXP common stock trades on the NYSE under the symbol PXP. PXP's principal executive offices are located at 700 Milam, Suite 3100, Houston, Texas 77002, and its telephone number is (713) 579-6000.

Executive Officers and Directors

Certain executive officers and directors of each of FCX and PXP serve as executive officers and/or directors of MMR, as set forth below.

Name	FCX	PXP	MMR
James R. Moffett	Director and Chairman of the Board		Co-Chairman of the Board, President and Chief Executive Officer
Richard C. Adkerson	President, Chief Executive Officer and Director		Co-Chairman of the Board
Robert A. Day	Director		Director
Gerald J. Ford	Director		Director
H. Devon Graham, Jr.	Director		Director
B.M. Rankin, Jr.	Director and Vice Chairman		Director and Vice Chairman
Kathleen L. Quirk	Executive Vice President, Chief Financial Officer and Treasurer		Senior Vice President and Treasurer
James C. Flores		Chairman of the Board, President and Chief Executive Officer	Director
John F. Wombwell		Executive Vice President, General Counsel and Secretary	Director

In addition, each of FCX and PXP own shares of MMR's outstanding capital stock, as set forth below as of February 28, 2013.

	Capital Stock of MMR Beneficially Owned	Shares of MMR Common Stock Issuable Upon Conversion of Convertible Securities	Percentage of Outstanding Common Stock of MMR Beneficially Owned
FCX	500,000 shares of MMR 5.75% Convertible Perpetual Preferred Stock, Series 2	31,250,000	16.1% ⁽¹⁾
PXP	51,000,000 shares of MMR common stock		31.3%

(1) Assumes all shares of MMR convertible preferred stock held by FCX are converted into MMR common stock.

Table of Contents**FREEPORT-McMoRan COPPER & GOLD INC.****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following selected historical consolidated financial data is derived from FCX's audited consolidated financial statements for each of the years ended December 31, 2012, 2011, 2010, 2009 and 2008. These historical results are not necessarily indicative of results that you can expect for any future period. You should read this data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and FCX's consolidated financial statements and notes thereto contained in FCX's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information](#).

	2012	As of or for the years ended December 31, 2011201020092008			
		(In Millions, Except Per Share Amounts)			
FCX CONSOLIDATED FINANCIAL DATA					
Revenues	\$ 18,010	\$ 20,880	\$ 18,982	\$ 15,040	\$ 17,796
Operating income (loss)	5,814 ^{(a),(b)}	9,140 ^(b)	9,068	6,503 ^{(c),(d)}	(12,710) ^{(c),(d),(e)}
Net income (loss)	3,980	5,747	5,544	3,534	(10,450)
Net income (loss) attributable to FCX common stockholders	3,041 ^{(a),(b),(f),(g)}	4,560 ^{(b),(f),(g)}	4,273 ^(f)	2,527 ^{(c),(d),(f)}	(11,341) ^{(c),(d),(e),(f)}
Basic net income (loss) per share attributable to FCX common stockholders	\$ 3.20	\$ 4.81	\$ 4.67	\$ 3.05	\$ (14.86)
Basic weighted-average common shares outstanding	949	947	915	829	763
Diluted net income (loss) per share attributable to FCX common stockholders	\$ 3.19 ^{(a),(b),(f),(g)}	\$ 4.78 ^{(b),(f),(g)}	\$ 4.57 ^(f)	\$ 2.93 ^{(c),(d),(f)}	\$ (14.86) ^{(c),(d),(e),(f)}
Diluted weighted-average common shares outstanding	954	955	949	938	763
Dividends declared per share of common stock	\$ 1.25	\$ 1.50	\$ 1.125	\$ 0.075	\$ 0.6875
Operating cash flows	3,774 ^(h)	6,620 ^(h)	6,273 ^(h)	4,397 ^(h)	3,370 ^(h)
Capital expenditures	3,494	2,534	1,412	1,587	2,708
Cash and cash equivalents	3,705	4,822	3,738	2,656	872
Property, plant, equipment and development costs, net	20,999	18,449	16,785	16,195	16,002
Total assets	35,440	32,070	29,386	25,996	23,353
Total debt, including current portion	3,527	3,537	4,755	6,346	7,351
Total FCX stockholders' equity	17,543	15,642	12,504	9,119	5,773

- (a) Includes a gain of \$59 million (\$31 million to net income attributable to common stockholders or \$0.03 per share) for the settlement of the insurance claim for business interruption and property damage relating to the 2011 incidents affecting PT Freeport Indonesia's concentrate pipeline.
- (b) Includes charges totaling \$16 million (\$8 million to net income attributable to common stockholders or \$0.01 per share) associated with labor agreement costs at Candelaria in 2012, and \$116 million (\$50 million to net income attributable to common stock or \$0.05 per share) primarily associated with bonuses for new labor agreements and other employee costs at PT Freeport Indonesia, Cerro Verde and El Abra in 2011.
- (c) Includes charges totaling \$23 million (\$18 million to net income attributable to common stockholders or \$0.02 per share) associated with restructuring charges in 2009 and \$17.0 billion (\$12.7 billion to net loss attributable to common stockholders or \$16.60 per share) associated with impairment and restructuring charges in 2008.
- (d) Includes charges for lower of cost or market inventory adjustments totaling \$19 million (\$15 million to net income attributable to common stockholders or \$0.02 per share) in 2009 and \$782 million (\$479 million to net loss attributable to common stockholders or \$0.63 per share) in 2008.
- (e) Includes purchase accounting impacts related to the 2007 acquisition of Freeport-McMoRan Corporation (FMC) totaling \$1.0 billion (\$622 million to net loss attributable to common stockholders or \$0.82 per share) in 2008.
- (f) Includes net losses on early extinguishment and conversion of debt totaling \$149 million (\$0.16 per share) in 2012, \$60 million (\$0.06 per share) in 2011, \$71 million (\$0.07 per share) in 2010, \$43 million (\$0.04 per share) in 2009 and \$5 million (\$0.01 per share) in 2008; 2008 also includes charges totaling \$22 million (\$0.03 per share) associated with privately negotiated transactions to induce conversion of a portion of FCX's $\frac{5}{2}\%$ Convertible Perpetual Preferred Stock into FCX common stock.

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- (g) Includes a net tax credit associated with adjustments to Cerro Verde's deferred income taxes totaling \$98 million, net of noncontrolling interests (\$0.11 per share) in 2012, and a tax charge for additional taxes associated with Cerro Verde's election to pay a special mining burden during the remaining term of its current stability agreement totaling \$49 million, net of noncontrolling interests (\$0.05 per share) in 2011.
- (h) Net of working capital uses and other tax payments totaling \$1.4 billion in 2012, \$461 million in 2011, \$834 million in 2010, \$770 million in 2009 and \$965 million in 2008.

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FREEPORT-McMoRan COPPER & GOLD INC.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL AND OPERATING DATA (CONTINUED)

	2012	2011	Years ended December 31, 2010 (unaudited)	2009	2008
FCX CONSOLIDATED MINING OPERATING DATA					
Copper (recoverable)					
Production (millions of pounds)	3,663	3,691	3,908	4,103	4,030
Production (thousands of metric tons)	1,662	1,674	1,773	1,861	1,828
Sales, excluding purchases (millions of pounds)	3,648	3,698	3,896	4,111	4,066
Sales, excluding purchases (thousands of metric tons)	1,655	1,678	1,767	1,865	1,844
Average realized price per pound	\$ 3.60	\$ 3.86	\$ 3.59	\$ 2.60	\$ 2.69
Gold (thousands of recoverable ounces)					
Production	958	1,383	1,886	2,664	1,291
Sales, excluding purchases	1,010	1,378	1,863	2,639	1,314
Average realized price per ounce	\$ 1,665	\$ 1,583	\$ 1,271	\$ 993	\$ 861
Molybdenum (millions of recoverable pounds)					
Production	85	83	72	54	73
Sales, excluding purchases	83	79	67	58	71
Average realized price per pound	\$ 14.26	\$ 16.98	\$ 16.47	\$ 12.36	\$ 30.55
NORTH AMERICA COPPER MINES					
Operating Data, Net of Joint Venture Interest					
Copper (recoverable)					
Production (millions of pounds)	1,363	1,258	1,067	1,147	1,430
Production (thousands of metric tons)	618	571	484	520	649
Sales, excluding purchases (millions of pounds)	1,351	1,247	1,085	1,187	1,434
Sales, excluding purchases (thousands of metric tons)	613	566	492	538	650
Average realized price per pound	\$ 3.64	\$ 3.99	\$ 3.42	\$ 2.38	\$ 3.07
Molybdenum (millions of recoverable pounds)					
Production	36	35	25	25	30
100% Operating Data					
<u>Solution extraction/electrowinning (SX/EW) operations</u>					
Leach ore placed in stockpiles (metric tons per day)	998,600	888,300	648,800	589,400	1,095,200
Average copper ore grade (percent)	0.22	0.24	0.24	0.29	0.22
Copper production (millions of recoverable pounds)	866	801	746	859	943
<u>Mill operations</u>					
Ore milled (metric tons per day)	239,600	222,800	189,200	169,900	249,600
Average ore grade (percent):					
Copper	0.37	0.38	0.32	0.33	0.40
Molybdenum	0.03	0.03	0.03	0.02	0.02
Copper recovery rate (percent)	83.9	83.1	83.0	86.0	82.9
Copper production (millions of recoverable pounds):	592	549	398	364	599

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	2012	2011	2010 (unaudited)	2009	2008
SOUTH AMERICA MINING					
Copper (recoverable)					
Production (millions of pounds)	1,257	1,306	1,354	1,390	1,506
Production (thousands of metric tons)	570	592	614	631	683
Sales (millions of pounds)	1,245	1,322	1,335	1,394	1,521
Sales (thousands of metric tons)	565	600	606	632	690
Average realized price per pound	\$ 3.58	\$ 3.77	\$ 3.68	\$ 2.70	\$ 2.57
Gold (thousands of recoverable ounces)					
Production	83	101	93	92	114
Sales	82	101	93	90	116
Average realized price per ounce	\$ 1,673	\$ 1,580	\$ 1,263	\$ 982	\$ 853
Molybdenum (millions of recoverable pounds)					
Production	8	10	7	2	3
SX/EW operations					
Leach ore placed in stockpiles (metric tons per day)	229,300	245,200	268,800	258,200	279,700
Average copper ore grade (percent)	0.55	0.50	0.41	0.45	0.45
Copper production (millions of recoverable pounds)	457	439	504	565	560
Mill operations					
Ore milled (metric tons per day)	191,400	189,200	188,800	181,300	181,400
Average ore grade:					
Copper (percent)	0.60	0.66	0.65	0.66	0.75
Gold (grams per metric ton)	0.10	0.12	0.10	0.10	0.13
Molybdenum (percent)	0.02	0.02	0.02	0.02	0.02
Copper recovery rate (percent)	90.1	89.6	90.0	88.9	89.2
Copper production (millions of recoverable pounds)	800	867	850	825	946
INDONESIA MINING					
Operating Data, Net of Joint Venture Interest					
Copper (recoverable)					
Production (millions of pounds)	695	846	1,222	1,412	1,094
Production (thousands of metric tons)	315	384	554	640	496
Sales (millions of pounds)	716	846	1,214	1,400	1,111
Sales (thousands of metric tons)	325	384	551	635	504
Average realized price per pound	\$ 3.58	\$ 3.85	\$ 3.69	\$ 2.65	\$ 2.36
Gold (thousands of recoverable ounces)					
Production	862	1,272	1,786	2,568	1,163
Sales	915	1,270	1,765	2,543	1,182
Average realized price per ounce	\$ 1,664	\$ 1,583	\$ 1,271	\$ 994	\$ 861
100% Operating Data					
Ore milled (metric tons per day)	165,000	166,100	230,200	238,300	192,900
Average ore grade:					
Copper (percent)	0.62	0.79	0.85	0.98	0.83
Gold (grams per metric ton)	0.59	0.93	0.90	1.30	0.66
Recovery rates (percent):					
Copper	88.7	88.3	88.9	90.6	90.1
Gold	75.7	81.2	81.7	83.7	79.9
Production (recoverable):					
Copper (millions of pounds)	695	882	1,330	1,641	1,109
Gold (thousands of ounces)	862	1,444	1,964	2,984	1,163

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	2012	Years ended December 31,			2008
		2011	2010	2009	
			(unaudited)		
AFRICA MINING^(a)					
Copper (recoverable)					
Production (millions of pounds)	348	281	265	154	
Production (thousands of metric tons)	158	127	120	70	
Sales (millions of pounds)	336	283	262	130	
Sales (thousands of metric tons)	152	128	119	59	
Average realized price per pound	\$ 3.51	\$ 3.74	\$ 3.45	\$ 2.85	
Cobalt (millions of contained pounds)					
Production	26	25	20		
Sales	25	25	20		
Average realized price per pound	\$ 7.83	\$ 9.99	\$ 10.95		
Ore milled (metric tons per day)	13,000	11,100	10,300	7,300	
Average ore grade (percent):					
Copper	3.62	3.41	3.51	3.69	
Cobalt	0.37	0.40	0.40		
Copper recovery rate (percent)	92.4	92.5	91.4	92.1	
MOLYBDENUM OPERATIONS					
Molybdenum (millions of recoverable pounds)					
Production	41 ^(b)	38	40	27	40
Sales, excluding purchases ^(c)	83	79	67	58	71
Average realized price per pound	\$ 14.26	\$ 16.98	\$ 16.47	\$ 12.36	\$ 30.55
Henderson molybdenum mine					
Ore milled (metric tons per day)	20,800	22,300	22,900	14,900	24,100
Average molybdenum ore grade (percent)	0.23	0.24	0.25	0.25	0.23
Molybdenum production (millions of recoverable pounds)	34	38	40	27	40

(a) Results for 2009 represent mining operations that began production in March 2009.

(b) Includes production of 7 million pounds of molybdenum from the Climax mine, which began commercial operations in May 2012.

(c) Includes sales of molybdenum produced at FCX's North and South America copper mines.

Ratio of Earnings to Fixed Charges

For FCX's ratio of earnings to fixed charges calculation, earnings consist of income (loss) from operations before income taxes, noncontrolling interests in consolidated subsidiaries, equity in affiliated companies' net earnings, cumulative effect of accounting changes and fixed charges. Fixed charges include interest and that portion of rent deemed representative of interest. For ratio of earnings to fixed charges and preferred stock dividends calculation, FCX assumed that its preferred stock dividend requirements were equal to the pre-tax earnings that would be required to cover those dividend requirements. FCX computed pre-tax earnings using the effective tax rate for each year. FCX's ratio of earnings to fixed charges was as follows for the periods presented:

	2012	Years ended December 31,			2008
		2011	2010	2009	
Ratio of earnings to fixed charges	19.8x	20.7x	16.3x	9.3x	(a)
Ratio of earnings to fixed charges and preferred stock dividends	19.8x	20.7x	13.9x	6.1x	(b)

(a) As a result of the loss recorded in 2008, the ratio coverage was less than 1:1. FCX would have needed to generate additional earnings of \$13.4 billion to achieve coverage of 1:1 in 2008.

(b) As a result of the loss recorded in 2008, the ratio coverage was less than 1:1. FCX would have needed to generate additional earnings of \$13.8 billion to achieve coverage of 1:1 in 2008.

Table of Contents**PLAINS EXPLORATION & PRODUCTION COMPANY****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following selected historical consolidated financial data is derived from PXP's audited consolidated financial statements for each of the years ended December 31, 2012, 2011, 2010, 2009 and 2008. This information is not necessarily indicative of future results. You should read this data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and PXP's consolidated financial statements and notes thereto included in PXP's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information."

	2012 ⁽¹⁾	Years ended December 31,			2008 ⁽⁴⁾
		2011 ⁽²⁾	2010 ⁽³⁾	2009	
(In Millions, Except Per Share Amounts)					
Income Statement Data					
Revenues	\$ 2,565	\$ 1,964	\$ 1,545	\$ 1,187	\$ 2,403
Costs and Expenses:					
Production costs	632	559	452	424	626
General and administrative	199	134	136	145	153
Depreciation, depletion, amortization and accretion	1,118	682	551	422	621
Impairment of oil and gas properties ⁽⁵⁾			59		3,630
Legal recovery			(8)	(87)	
Other operating (income) expense		(2)	(3)	1	
	1,949	1,373	1,187	905	5,030
Income (Loss) from Operations	616	591	358	282	(2,627)
Other Income (Expense):					
Gain on sale of assets ⁽⁶⁾					66
Interest expense	(298)	(161)	(107)	(74)	(117)
Debt extinguishment costs ⁽⁷⁾	(8)	(121)	(1)	(12)	(18)
(Loss) gain on mark-to-market derivative contracts ⁽⁸⁾	(3)	82	(61)	(7)	1,556
Gain (loss) on investment measured at fair value ⁽⁹⁾	207	(53)	(2)		
Other income (expense)		3	17	28	(14)
Income (Loss) Before Income Taxes	514	341	204	217	(1,154)
Income tax benefit (expense)					
Current	4	26	93	(45)	(231)
Deferred	(175)	(160)	(194)	(36)	676
Net Income (Loss)	343	207	\$ 103	\$ 136	\$ (709)
Net income attributable to noncontrolling interest in the form of preferred stock of subsidiary					
	(37)	(2)			
Net Income Attributable to Common Stockholders	\$ 306	\$ 205			
Earnings (Loss) per Common Share					
Basic	\$ 2.36	\$ 1.45	\$ 0.74	\$ 1.10	\$ (6.52)
Diluted	\$ 2.32	\$ 1.44	\$ 0.73	\$ 1.09	\$ (6.52)
Weighted Average Common Shares Outstanding					
Basic	130	141	140	124	109
Diluted	132	143	142	125	109
Cash Flow Data					

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Net cash provided by operating activities	\$ 1,331	\$ 1,111	\$ 912	\$ 499	\$ 1,371
Net cash used in investing activities	(7,703)	(1,155)	(1,575)	(1,280)	(228)
Net cash provided by (used in) financing activities	6,134	457	667	471	(857)

Table of Contents**PLAINS EXPLORATION & PRODUCTION COMPANY****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA (CONTINUED)**

	2012 ⁽¹⁾	2011 ⁽²⁾	As of December 31, 2010 ⁽³⁾ (audited) (In Millions)	2009	2008 ⁽⁴⁾
Balance Sheet Data					
Assets					
Cash and cash equivalents	\$ 181	\$ 419	\$ 6	\$ 2	\$ 312
Other current assets	1,659	1,022	396	305	1,165
Property and equipment, net	14,729	7,725	7,221	6,833	4,513
Goodwill	535	535	535	535	535
Investment ⁽⁹⁾			664		
Other assets	194	90	73	60	587
	\$ 17,298	\$ 9,791	\$ 8,895	\$ 7,735	\$ 7,112
Liabilities and Equity					
Current liabilities	\$ 980	\$ 626	\$ 534	\$ 683	\$ 994
Long-term debt	9,979	3,761	3,345	2,650	2,805
Other long-term liabilities	612	246	278	269	192
Deferred income taxes	1,771	1,462	1,355	934	744
Stockholders' equity	3,516	3,265	3,383	3,199	2,377
Noncontrolling interest					
Preferred stock of subsidiary	440	431			
	\$ 17,298	\$ 9,791	\$ 8,895	\$ 7,735	\$ 7,112

(1) Reflects the November 2012 Gulf of Mexico Acquisition.

(2) Reflects the December 2011 divestiture of interests in PXP's Texas Panhandle and South Texas conventional natural gas properties.

(3) Reflects the December 2010 divestiture of PXP's interest in all of its Gulf of Mexico leasehold located in less than 500 feet of water and the acquisition of the oil and gas properties in the Eagle Ford Shale oil and gas condensate windows during the fourth quarter of 2010.

(4) Reflects the February 2008 divestiture of 50% of PXP's working interest in the Permian and Piceance Basins and all of its working interests in the San Juan Basin and Barnett Shale, the April 2008 acquisition of the South Texas properties and the December 2008 divestiture of its remaining interests in the Permian and Piceance Basins.

(5) During 2010, the costs related to PXP's Vietnam oil and gas properties not subject to amortization were transferred to its Vietnam full cost pool where they were subject to the ceiling limitation. Because PXP's Vietnam full cost pool had no associated proved oil and gas reserves, PXP recorded a non-cash pre-tax impairment charge of \$59.5 million. At December 31, 2008, PXP's capitalized costs of oil and gas properties exceeded the full cost ceiling and PXP recorded an impairment of oil and gas properties.

(6) Represents the gain on the sale of PXP's investment in Collbran Valley Gas Gathering, LLC.

(7) In December 2011, PXP recognized \$121.0 million of debt extinguishment costs, including \$30.9 million in unamortized debt issue costs and original issue discount, in connection with its debt retirement transactions.

(8) The derivative instruments PXP has in place are not classified as hedges for accounting purposes. Consequently, these derivative contracts are marked-to-market each quarter with fair value gains and losses, both realized and unrealized, recognized currently as a gain or loss on mark-to-market derivative contracts on the income statement.

(9) PXP's investment is measured at fair value with gains and losses recognized on the income statement. PXP's investment was classified as a current asset at December 31, 2012 and 2011.

Table of Contents**PLAINS EXPLORATION & PRODUCTION COMPANY****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA (CONTINUED)**

	2012	As of or for the Years Ended December 31,				2008
		2011	2010	2009		
			(unaudited)			
Estimated net proved reserves						
Oil (MMBbl)	362.4	244.0	223.3	214.0		177.7
Gas (Bcf)	468.0	1,001.3	1,157.1	873.1		686.4
Total (MMBOE)	440.4	410.9	416.1	359.5		292.1
Percent oil	82%	59%	54%	60%		61%
Percent proved developed	63%	55%	57%	64%		72%
Standardized measure (\$/millions)	\$ 10,024	\$ 5,134	\$ 3,093	\$ 2,225		\$ 1,136
Net reserve additions (including revisions (MMBOE))	70.9	81.0	98.5	98.0		(156.9) ⁽¹⁾
Reserve life (years)	7.0	12.2	13.0	11.2		9.9
Sales:						
Oil and liquids (MMBbl)	24.4	17.9	16.8	17.6		20.3
Gas (Bcf)	87.1	109.5	93.1	75.8		77.0
Total (MMBOE)	38.9	36.1	32.3	30.2		33.1
Average sales price per unit before derivative transactions						
Oil and liquids (\$/Bbl)	\$ 95.46	\$ 85.53	\$ 68.14	\$ 51.43		\$ 87.05
Gas (\$/Mcf)	2.67	3.91	4.29	3.72		8.05
\$/BOE	65.79	54.18	47.77	39.25		72.03
Production expenses (\$/BOE) ⁽²⁾	16.27	15.47	14.00	14.03		18.91
Estimated net probable reserves⁽³⁾						
Oil (MMBbl)	173.1	109.5				
Gas (Bcf)	123.8	1,095.6				
Total (MMBOE)	193.8	292.1				

- (1) Includes 204 MMBOE of negative revisions due to significantly lower average year-end realized prices for oil and gas, the widening of differentials impacting PXP's California properties and development and production costs, which were reflective of the high commodity price environment during the first nine months of 2008. Average year-end realized prices were \$31.75 per Bbl and \$5.50 per Mcf at December 31, 2008.
- (2) Includes ad valorem and production taxes of \$1.90, \$1.53, \$0.91, \$1.28 and \$2.84 per BOE for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively.
- (3) PXP began reporting probable reserves in 2011. Probable reserves are additional reserves that are less certain to be recovered than proved reserves, but which, together with proved reserves, are as likely as not to be recovered. In addition to the uncertainties inherent in estimating quantities and values of proved reserves, probable reserves may be assigned to areas where data control or interpretations of available data are less certain and are structurally higher than proved reserves if they are adjacent to the proved reservoirs.

Table of Contents**SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The merger will be accounted for under the acquisition method of accounting for business combinations in accordance with accounting principles generally accepted in the United States, with FCX treated as the acquirer. Under the acquisition method of accounting the assets and liabilities of PXP will be recorded, as of the acquisition date, at their respective fair values and added to those of FCX.

The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheets of FCX and PXP as of December 31, 2012, giving effect to the merger as if it had occurred on December 31, 2012. The unaudited pro forma condensed combined statement of income combines the historical consolidated statements of income of FCX and PXP (including the pro forma effects of PXP's GOM Acquisition that was completed on November 30, 2012) for the year ended December 31, 2012, giving effect to the merger as if it had occurred on January 1, 2012. The pro forma financial information does not give effect to the costs of any integration activities or benefits that may result from the realization of future cost savings from operating efficiencies, or any other synergies that may result from the merger and changes in commodity and share prices. The pro forma financial information also does not give effect to the impact of the proposed acquisition of MMR by FCX. The MMR merger is a separate transaction and the completion of the MMR merger is not a condition to the completion of the merger, and the completion of the merger is not a condition to the completion of the MMR merger. FCX and MMR are also filing a proxy statement/prospectus in connection with the MMR merger with FCX.

The summary selected unaudited pro forma condensed combined financial information has been prepared for informational purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of FCX would have been had the merger occurred on the dates assumed, nor is this information necessarily indicative of future consolidated results of operations or financial position. The following information has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and the related notes included in this proxy statement/prospectus.

	As of or for the year ended December 31, 2012 (in millions)
Unaudited Pro Forma Condensed Combined Statement of Income Data:	
Revenues	\$ 22,339
Total cost of sales	14,303
Operating income	7,253
Interest expense, net	(715)
Income before taxes and equity in affiliated companies net earnings (losses)	6,386
Net income	4,473
Net income attributable to noncontrolling interests	(976)
Net income attributable to common stockholders	3,497
Unaudited Pro Forma Condensed Combined Balance Sheet Data:	
Cash and cash equivalents	3,772
Total assets	58,839
Total debt, including current portion	17,988
Total stockholders' equity	20,557

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The following table sets forth certain historical, pro forma and pro forma-equivalent per share financial information for FCX common stock and PXP common stock. The pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had occurred on January 1, 2012, in the case of the net income and dividends declared data. The pro forma data in the tables assumes that the merger is accounted for using the acquisition method of accounting and represents a current estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of PXP at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. See Accounting Treatment. The information in the following table is based on, and should be read together with, the historical financial information that we have presented in our prior filings with the SEC. See Where You Can Find More Information.

The pro forma information set forth below, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the possible impact on the combined company that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during 2012. The Comparative Per Share Data Table for the year ended December 31, 2012 combines the historical income per share data of FCX and its subsidiaries and PXP and its subsidiaries giving effect to the merger as if the merger had occurred on January 1, 2012, using the acquisition method of accounting. Upon completion of the merger, the operating results of PXP will be reflected in the consolidated financial statements of FCX on a prospective basis.

	FCX Historical	PXP Historical	Pro Forma Combined	Equivalent PXP(a)
Net income per share attributable to common stockholders for the year ended December 31, 2012:				
Basic	\$ 3.20	\$ 2.36	\$ 3.36	\$ 2.19
Diluted	3.19	2.32	3.34	2.18
Dividends declared for the year ended December 31, 2012	1.25		1.25(b)	0.82
Book Value as of December 31, 2012	18.49	27.27	19.75	12.90

(a) The equivalent PXP amounts are calculated by multiplying the pro forma combined FCX and PXP amounts by the exchange ratio of 0.6531.

(b) Pro forma dividends per common share are based solely on historical dividends for FCX.

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RISK FACTORS

Any shares of FCX common stock received by PXP stockholders in connection with the merger will be subject to significant risks that are, in many cases, fundamentally different from the risks associated with their investment in PXP common stock. Accordingly, PXP stockholders are urged to consider the general investment risks and the other information contained in or incorporated by reference into this document, including the matters under the caption **Cautionary Statement Regarding Forward-Looking Statements** and the matters discussed under the caption **Risk Factors** included in the Annual Reports on Form 10-K filed by each of FCX and PXP for the year ended December 31, 2012. In addition, you should carefully consider the following factors in deciding whether to vote for adoption of the merger agreement.

Because the Market Price of FCX Common Stock Will Fluctuate, PXP Stockholders Cannot Be Sure of the Value of the Merger Consideration They Will Receive and May be Adversely Affected by a Decrease in the Trading Price of FCX Common Stock.

Upon completion of the merger, each share of PXP common stock will be converted into the right to receive merger consideration consisting of shares of FCX common stock and/or cash pursuant to the terms of the merger agreement. Because the per share merger consideration will be calculated based on a fixed amount of cash and a fixed number of shares of FCX common stock to be paid by FCX in the aggregate, a decrease in the trading price of FCX common stock during the pendency of the merger would decrease both the value of the aggregate merger consideration to be paid by FCX to PXP stockholders and the value of the merger consideration that a PXP stockholder would be entitled to receive for each share of PXP common stock owned by them. The value of the merger consideration PXP stockholders will receive will be based in part on the average closing price of FCX common stock on the NYSE for the ten trading days immediately preceding the five trading days immediately prior to the completion date of the merger. This average price may vary from the closing price of FCX common stock on the date we announced the merger, on the date this document was mailed to PXP stockholders and on the date of the meeting of the PXP stockholders. Changes in the market price of FCX common stock prior to completion of the merger will affect the value of the merger consideration that PXP stockholders will receive upon completion of the merger. Accordingly, at the time of the PXP special meeting and prior to the election deadline, PXP stockholders will not necessarily know or be able to calculate the value of the consideration they would receive upon completion of the merger. PXP is not permitted to resolicit the vote of PXP stockholders solely because of changes in the market price of either company's stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control. You should obtain current market quotations for shares of FCX common stock and for shares of PXP common stock.

FCX and PXP May Experience Difficulties in Integrating Their Businesses, Which Could Cause the Combined Company to Fail to Realize Many of the Anticipated Potential Benefits of the Transaction.

We have entered into the merger agreement because we believe that the transaction will be beneficial to PXP, FCX and their respective stockholders. Achieving the anticipated benefits of the transaction will depend in part upon whether our two companies integrate our businesses in an efficient and effective manner. We may not be able to accomplish this integration process smoothly or successfully. The difficulties of combining the two companies' businesses potentially will include, among other things:

the necessity of coordinating geographically separated organizations and addressing possible differences incorporating cultures and management philosophies, and the integration of certain operations following the transaction will require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day business of the combined company;

any inability of our management to integrate successfully the operations of our two companies or to adapt to the addition of lines of business in which FCX has not historically engaged; and

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any inability of our management to cause best practices to be applied to the combined company's businesses. An inability to realize the full extent of the anticipated benefits of the transaction, as well as any delays encountered in the transition process, could have an adverse effect upon the revenues, level of expenses and operating results of the combined company, which may affect the value of the FCX common stock after the closing of the merger.

The Combined Company Will Depend on Its Senior Management Team and Other Key Employees, and the Loss of any of These Employees Could Adversely Affect the Combined Company's Business.

Competition for qualified personnel can be very intense, and the success of the combined company after the transaction will depend in part upon the ability of FCX and PXP to retain senior management and other key employees of both companies. In addition, some members of senior management and other key employees may depart because of issues relating to the uncertainty or difficulty associated with the integration of the companies or a desire not to remain with the combined company. Accordingly, no assurance can be given that FCX or PXP will be able to retain senior management and key employees to the same extent that they have been able to do so in the past.

FCX May Not Be Able to Obtain the Financing Needed for the Transaction on Favorable Terms.

FCX intends to finance the cash portion of the merger consideration with a combination of a term loan and proceeds from the issuance of senior unsecured notes as described below. As described more fully in Proposal No. 1 The Merger Description of Financing, on February 14, 2013, FCX entered into a term loan agreement with certain financial institutions providing, subject to the terms and conditions thereof, for an aggregate principal amount of up to \$4.0 billion of term loans and, on March 7, 2013, FCX completed the issuance of \$6.5 billion in senior notes for net proceeds of \$6.4 billion. While FCX has already received the proceeds of the senior notes issuance, FCX has not yet received any proceeds pursuant to the term loan agreement; the obligations of the lenders to make financing available to FCX pursuant to the term loan agreement are subject to certain customary closing conditions including financial covenants of FCX and the accuracy of specified representations and warranties of PXP and MMR in the merger agreement and the MMR merger agreement, as applicable. If the financing contemplated by the term loan agreement becomes unavailable for any reason, FCX will be forced to obtain an alternate source of financing, which may be more expensive for FCX, may have an adverse impact on the combined company's capital structure or may be unavailable.

The Market Price of FCX Common Stock after the Merger May Be Affected by Factors Different from Those Affecting the Shares of PXP or FCX Currently.

The businesses of FCX and PXP differ and, accordingly, the results of operations of the combined businesses and the market price of the combined company's shares may be affected by factors that differ from those currently affecting the independent results of operations of PXP or FCX. For a discussion of the businesses of FCX and PXP and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under Where You Can Find More Information.

PXP Stockholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence Over Management.

Upon completion of the merger, each PXP stockholder receiving shares of FCX common stock will become a stockholder of FCX with a percentage ownership of the combined organization that is smaller than the stockholder's prior percentage ownership of PXP. In fact, it is expected that the former stockholders of PXP as a group will own less than 10% of the outstanding shares of FCX immediately after the merger. As a result, PXP's stockholders will have less influence on the management and policies of FCX than they now have on the management and policies of PXP.

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The Merger Agreement Limits PXP's Ability to Pursue Alternatives to the Merger.

The merger agreement contains no shop provisions that, subject to specified exceptions, limit PXP's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of PXP, as well as a termination fee that is payable by PXP under certain circumstances. These provisions may discourage potential competing acquirers that might have an interest in acquiring all or a significant part of PXP from considering or proposing an acquisition, even one that would result in a higher per share price being paid to PXP stockholders than that proposed in the merger. The provisions might also result in a potential competing acquirer proposing to pay a lower per share price to acquire PXP than it might otherwise have proposed to pay.

PXP Stockholders May Receive a Form of Consideration Different From What They Elect.

While each PXP stockholder may elect to receive all cash or all FCX common stock in the merger, the pools of cash and FCX common stock available for all PXP stockholders will be fixed amounts. As a result, you might receive all or a portion of your consideration in the form you did not elect if more PXP stockholders make a cash election or a stock election than there is consideration of such form available.

If You Are a PXP Stockholder and You Tender Shares of PXP Common Stock to Make an Election, You Will Not be Able to Sell Those Shares, Unless You Revoke Your Election Prior to the Election Deadline.

If you are a registered PXP stockholder and want to make a valid cash or stock election, you will have to deliver to the exchange agent your stock certificates (or follow the procedures for guaranteed delivery) and a properly completed and signed form of election. For further details on the determination of the election deadline, see Proposal No. 1 The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election. The election deadline may be significantly in advance of the closing of the merger. You will not be able to sell any shares of PXP common stock that you have delivered as part of your election unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in PXP common stock for any reason until you receive cash and/or FCX common stock in the merger. In the time between the election deadline and the closing of the merger, the trading price of PXP or FCX common stock may decrease, and you might otherwise want to sell your shares of PXP common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment. The date that you will receive your merger consideration depends on the completion date of the merger, which is uncertain. The completion date of the merger might be later than expected due to unforeseen events, such as delays in obtaining regulatory approvals.

The Merger is Subject to the Receipt of Consents and Approvals from Governmental Entities that May Impose Conditions that Could Have an Adverse Effect on FCX.

Before the merger may be completed, various waivers, approvals, clearances or consents must be obtained from the FTC and the Antitrust Division, the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement and other authorities in the United States. These governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Although FCX and PXP do not currently expect that any such conditions or changes will be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of FCX following the merger, any of which might have an adverse effect on FCX following the merger.

PXP Executive Officers and Directors Have Financial Interests in the Merger that May be Different from, or in Addition to, the Interests of PXP Stockholders.

PXP's officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of other PXP stockholders. For example, certain executive officers and directors of PXP may receive certain payments with respect to outstanding equity awards, new equity awards with respect to FCX

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common stock, or severance pay and benefits upon a qualifying termination of employment. PXP's board of directors was aware of these interests and took them into account in its decision to approve the merger agreement. For information concerning these interests, please see the discussion under the caption "The Merger PXP's Directors and Officers Have Financial Interests in the Merger."

Shares of FCX Common Stock to be Received by PXP Stockholders as a Result of the Merger Will Have Different Rights from the Shares of PXP Common Stock.

Upon completion of the merger, PXP stockholders who receive the stock consideration will become FCX stockholders and their rights as stockholders will be governed by the certificate of incorporation and bylaws of FCX. The rights associated with PXP common stock are different from the rights associated with FCX common stock. See "Comparison of Stockholders' Rights" for a discussion of the different rights associated with FCX common stock.

FCX Will be More Highly Leveraged After the Completion of the Merger.

FCX is incurring significant debt to consummate the merger and its pending acquisition of MMR. As described more fully in "Proposal No. 1 The Merger Description of Financing", it is expected that FCX will utilize net proceeds from the senior notes issued in March 2013 and financing to be made available pursuant to financing commitments from a \$4.0 billion term loan to fund the cash consideration payable to the PXP stockholders and the MMR stockholders in the respective transactions. The combined company, on a pro forma basis, will have approximately \$18 billion of consolidated debt, or approximately \$20 billion if both the merger and the MMR merger are consummated. This debt could limit the combined company's financial and operating flexibility, including by requiring the combined company to dedicate a substantial portion of its cash flows from operations and the proceeds of equity issuances to the repayment of its debt and the interest on its debt, making it more difficult for the combined company to obtain additional financing on favorable terms, limiting the combined company's ability to capitalize on significant business opportunities and making the combined company more vulnerable to economic downturns. Additionally, the combined company's ability to satisfy financial tests or utilize third-party guarantees for financial assurance with respect to reclamation obligations may be adversely impacted if its credit ratings were downgraded below investment grade.

Declines in the Market Prices of Oil, Natural Gas, Copper, Gold and Molybdenum Could Adversely Affect the Combined Company's Earnings and Cash Flows, and Therefore its Ability to Repay its Debt.

The earnings and cash flows of the combined company will be affected significantly by the market prices of copper, gold, oil, natural gas and, to a lesser extent, molybdenum and cobalt. The world market prices of these commodities have fluctuated historically and will be affected by numerous factors beyond the control of the combined company. A decline in the world market price of one or more of these commodities could adversely affect the combined company's earnings and cash flows and therefore could adversely affect its ability to repay its debt and depress its stock price.

Failure to Complete the Merger Could Negatively Impact the Stock Price of FCX and PXP, Respectively, and Their Respective Future Businesses and Financial Results.

If the merger is not completed, the ongoing businesses of FCX and PXP may be adversely affected and FCX and PXP will be subject to several risks and consequences, including the following:

under the merger agreement, PXP may be required, under certain circumstances, to reimburse up to \$69 million of FCX's expenses and/or to pay FCX a termination fee of \$207 million (less any amounts previously paid in respect of expenses);

FCX and PXP will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees;

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FCX and PXP would not realize the expected benefits of the merger;

under the merger agreement, each of FCX and PXP is subject to certain restrictions on the conduct of its business prior to completing the merger which may adversely affect its ability to execute certain of its business strategies; and

matters relating to the merger may require substantial commitments of time and resources by FCX and PXP management, which could otherwise have been devoted to other opportunities that may have been beneficial to FCX and PXP as independent companies. In addition, if the merger is not completed, FCX and PXP may experience negative reactions from the financial markets and from their respective customers and employees. FCX and/or PXP also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against FCX or PXP to attempt to force them to perform their respective obligations under the merger agreement.

The Unaudited Pro Forma Financial Statements Included in This Document Are Presented for Illustrative Purposes Only and May Not be an Indication of the Combined Company's Financial Condition or Results of Operations Following the Merger.

The unaudited pro forma financial statements contained in this document are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates, and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. See Summary Selected Unaudited Pro Forma Condensed Combined Consolidated Financial Information. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors, including but not limited to the impact of the MMR merger, may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the price of FCX common stock after completion of the merger.

Pending Litigation Against FCX, PXP, and MMR Could Result in an Injunction Preventing Completion of the Merger and/or the MMR Merger, the Payment of Damages in the Event that One or Both of the Mergers are Completed and/or may Adversely Affect the Combined Company's Business, Financial Condition or Results of Operations Following the Merger.

Purported stockholders of each of PXP, FCX and MMR have filed putative class and derivative actions against, among others, FCX, PXP, MMR, and each of their directors. Multiple actions filed by purported PXP and FCX stockholders seek an injunction barring or rescinding the merger and damages in connection with that proposed transaction. In addition, multiple actions filed by purported MMR and FCX stockholders seek an injunction barring or rescinding the MMR merger and damages in connection with that proposed transaction. If a final settlement is not reached, or if dismissals of these actions are not obtained, these lawsuits could prevent or delay completion of either the merger or the MMR merger, or both mergers, and result in substantial costs to FCX, PXP, and MMR, including any costs associated with the indemnification of directors. Additional lawsuits related to the merger may be filed against FCX, PXP, MMR, and each of their directors. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company's business, financial condition or results of operations. See Proposal No. 1 The Merger Litigation Relating to the Merger.

Consummating the Merger but Failing to Complete the MMR Merger Could Have Consequences Under the Clayton Antitrust Act and Negatively Affect the Combined Company's Future Businesses and Financial Results.

If the merger is completed and the MMR merger is not completed, then the boards of directors and executive management of FCX and MMR may need to be reconstituted in order to comply with the Clayton

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Antitrust Act (15 U.S.C. § 19) (the Clayton Act). Subject to certain de minimis exceptions, Section 8 of the Clayton Act prohibits individuals from serving as directors or officers of two competing corporations when each corporation has capital, surplus and undivided profits in excess of \$27,784,000. Currently, FCX and MMR share overlapping board and management members, an overlap that is expected to continue even after the merger is consummated. In the event that the merger closes without the MMR merger also closing, the Department of Justice or FTC could investigate whether the combined company and MMR are competitors for purposes of the Clayton Act, and could seek to eliminate the interlock by securing resignation of the interlocked individuals or by pursuing injunctive relief. Private plaintiffs could also bring suits against the combined company seeking an injunction against the interlock. The potential distraction from operations, loss of key executive talent and cost of litigation could adversely affect the combined company's business, financial condition or result of operations.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains or incorporates by reference a number of forward-looking statements, including statements about the financial conditions, results of operations, earnings outlook and prospects of FCX, PXP and the potential combined company and may include statements for the period following the completion of the merger. Forward-looking statements are typically identified by words such as plan, believe, expect, anticipate, intend, outlook, estimate, forecast, project and other similar words and expressions.

The forward-looking statements involve certain risks and uncertainties. The ability of either FCX or PXP to predict results or the actual effects of its plans and strategies, or those of the combined company, is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include those set forth under Risk Factors, as well as, among others, the following:

those discussed and identified in public filings with the SEC made by FCX or PXP;

unanticipated mining, milling, processing and other exploration and development problems;

accidents that lead to personal injury or property damage;

persistent commodity price reductions;

changes in political, social or economic circumstances in areas where FCX and PXP operate or plan to operate;

expropriation;

variances in ore grades or reserve estimates;

labor relations;

adverse weather conditions and natural disasters, such as earthquakes, droughts and hurricanes;

the speculative nature of mineral and oil and gas exploration;

fluctuations in interest rates and other adverse financial market conditions;

regulatory and litigation matters and risks;

changes in tax law and other laws;

the risk that a condition to closing of the transaction may not be satisfied;

the risk that a regulatory approval required for the transaction is not obtained or is obtained subject to conditions that are not anticipated;

costs arising from potential negative investor reactions to the transaction;

other risks to consummation of the transaction;

the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; and

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the integration of PXP's business and operations with those of FCX may take longer than anticipated, may be more costly than anticipated and may have unanticipated adverse results relating to PXP's or FCX's existing businesses.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this document or the date of any document incorporated by reference in this document.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to FCX or PXP or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this document. Except to the extent required by applicable law or regulation, FCX and PXP undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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THE PXP SPECIAL MEETING

This section contains information about the special meeting of PXP stockholders that has been called to consider and approve the merger of PXP with and into Merger Sub, with Merger Sub surviving the merger.

Together with this document, we are also sending you a notice of the special meeting and a form of proxy that is solicited by PXP's board of directors. The special meeting will be held at _____, at _____, local time, on _____, 2013, subject to any adjournments or postponements.

Matters to Be Considered

The purpose of the special meeting is to:

adopt the merger agreement;

to consider and cast an advisory (non-binding) vote on the specified compensation that may be received by PXP's named executive officers in connection with the merger;

to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement; and

to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Proxies

Each copy of this document mailed to holders of PXP common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a stockholder of record, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting. You may also authorize a proxy to vote your shares by telephone or through the Internet as instructed on the proxy card.

If you hold your stock in _____ street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.

If you hold stock in your name as a stockholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date or submitting another proxy via the Internet or by telephone, (2) delivering a written revocation letter to PXP's Secretary or (3) attending the special meeting in person, notifying the Secretary, and voting by ballot at the special meeting. If you hold your stock in _____ street name through a bank or broker, you must follow your bank's or broker's instructions to revoke your proxy.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy but the mere presence (without notifying PXP's Secretary and voting by ballot) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Plains Exploration & Production Company

700 Milam, Suite 3100

Houston, Texas 77002

Attention: Secretary

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All shares represented by valid proxies that PXP receives through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted **FOR** the proposal to adopt the merger agreement; **FOR** the proposal to approve, on an advisory (non-binding) basis, the specified compensation that may be received by PXP's named executive officers in connection with the merger; and **FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement. PXP's board of directors is not currently aware of any business to be acted upon at the special meeting other than the matters described in this document. If, however, other matters are properly brought before the special meeting, the persons appointed as proxies will have discretion to vote or act on those matters as in their judgment is in the best interest of PXP and its stockholders.

Solicitation of Proxies

FCX and PXP will each bear their own costs and expenses incurred in connection with the filing, printing and mailing of the document and the retention of any information agent or other service provider in connection with the merger. This proxy solicitation is being made by PXP on behalf of the PXP board of directors. PXP has hired Innisfree M&A Incorporated and AST Phoenix Advisors to assist in the solicitation of proxies. In addition to this mailing, proxies may be solicited by directors, officers or employees of PXP or its affiliates in person or by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services.

Record Date

The close of business on _____, 2013 has been fixed as the record date for determining the PXP stockholders entitled to receive notice of and to vote at the special meeting. At that time, approximately shares of PXP common stock were outstanding and held by approximately _____ holders of record.

Voting Rights and Vote Required

The presence at the special stockholders' meeting of the holders, present in person or represented by proxy, of a majority of the outstanding shares of PXP's common stock entitled to vote at the meeting is necessary to constitute a quorum. Abstentions will be counted for the purpose of determining whether a quorum is present.

Under applicable Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of PXP's common stock entitled to vote as of the record date is required to adopt the merger agreement. Any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement requires the affirmative vote of holders of a majority of the shares of PXP's common stock present at the special meeting, in person or by proxy, and entitled to vote, whether or not a quorum exists. Because the required vote to adopt the merger agreement is based upon the number of PXP shares issued and outstanding on the record date and entitled to vote and the required vote for adjournment of the special meeting is based upon the number of PXP shares held by stockholders present, in person or by proxy, and entitled to vote, and not the number of PXP shares that are actually voted, abstentions and any broker non-votes will have the same effect as a vote cast against such proposals.

The affirmative vote of holders of a majority of the votes cast is required to approve, on an advisory (non-binding) basis, the specified compensation that may be received by PXP's named executive officers in connection with the merger. The vote to approve the specified compensation is not a condition to the completion of the merger, and the vote of PXP's stockholders on the proposal is advisory in nature and will not be binding on FCX or PXP. Accordingly, regardless of the outcome of the advisory vote, if the merger is approved and completed, specified compensation may be paid. For purposes of determining the number of votes cast with respect to such matter, only those votes cast for and against a proposal are counted. Abstentions and any broker non-votes will not be counted for or against a proposal and, accordingly, will not have an effect on the outcome of the advisory vote.

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As of the record date, directors and executive officers of PXP and its affiliates, had the right to vote approximately _____ shares of PXP common stock, or _____ % of the outstanding PXP common stock at that date.

Recommendation of the PXP Board of Directors

The PXP board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger. The PXP board of directors determined that the merger, the merger agreement and the transactions contemplated thereby are advisable and in the best interests of PXP and its stockholders and recommends that you vote **FOR** the proposal to adopt the merger agreement; **FOR** the proposal to approve, on an advisory (non-binding) basis, the specified compensation that may be received by PXP's named executive officers in connection with the merger; and **FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement. See Proposal No. 1 The Merger PXP's Reasons for the Merger; Recommendation of the PXP Board of Directors for a more detailed discussion of the PXP board of directors' recommendation.

Attending the Meeting

All holders of PXP common stock, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Stockholders of record can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. PXP reserves the right to refuse admittance to anyone without both proper proof of share ownership and proper photo identification.

Adjournments and Postponements

The special meeting may be adjourned upon the affirmative vote of the holders of a majority of the shares of PXP's common stock present at the special meeting, in person or by proxy, and entitled to vote, whether or not a quorum exists. The special meeting may be adjourned without notice other than announcement at the meeting, except, if the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the reconvened meeting, a notice of the reconvened meeting must be given to each stockholder entitled to vote at such meeting.

In addition, at any time prior to convening the special meeting, PXP's board of directors may postpone the special meeting without the approval of PXP's stockholders. If postponed, PXP will publicly announce the new meeting date. Similar to adjournments, any postponement of the special meeting for the purpose of soliciting additional proxies will allow PXP stockholders who have already sent in their proxies to revoke them at any time prior to their use.

PROPOSAL NO. 1 THE MERGER

Background of the Merger

Each of FCX, PXP and MMR periodically evaluate opportunities to achieve long-term operational and financial goals and to enhance stockholder value through strategic transactions, including business combinations, divestitures, acquisitions and joint ventures.

FCX's management regularly reviews business strategy and financial policy with the FCX board of directors (FCX Board). With FCX's positive outlook for commodities in recent years and FCX's strong

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financial position, the FCX Board has encouraged management to identify internal and external growth opportunities. The FCX Board also periodically considers cash returns to stockholders through regular and supplemental dividends and share purchases. The FCX Board reinstated a quarterly common stock dividend in 2009, increased the dividend twice during 2010, and paid a supplemental dividend in December 2010.

Also during 2009 and 2010, FCX's management identified several financially attractive organic growth projects in the copper and molybdenum markets and the FCX Board approved investments in these projects. In addition, FCX's management identified a pipeline of potential brownfield development projects for future growth. Because of the nature and scale of mining investments, requirements for feasibility studies, detailed engineering, permitting and other factors, projects typically take many years to develop. FCX's management has also regularly evaluated external opportunities for investments in mining projects but has found limited opportunities in recent years to acquire high quality copper assets from other companies on financial terms that would be attractive to FCX.

During 2010, the FCX Board discussed the possibility of using some of the cash flow generated by FCX's mining operations to invest in other natural resources, including a potential investment in oil and gas resources with MMR. After concluding that such an investment may be in FCX's interest, the FCX Board appointed an independent committee in May 2010 to consider the opportunity of investing in MMR.

In December 2010, MMR purchased all of PXP's interests in PXP's U.S. Gulf of Mexico leasehold acreage located in less than 500 feet of water in exchange for consideration including cash and 51 million shares of MMR common stock. In connection with the acquisition of PXP's interest, and in order to fund its expanded drilling program, MMR raised \$900 million through the issuance of convertible securities. FCX invested \$500 million in MMR's convertible preferred stock on the same terms as institutional investors. Beginning with the closing of MMR's asset acquisition in December 2010, PXP was granted the right to appoint two members of MMR's board of directors as long as it maintained certain minimum ownership levels of MMR common stock, and PXP appointed James C. Flores and John F. Wombwell to serve as its designees on the MMR board. As a result of these transactions, FCX beneficially owns approximately 16.1% of the outstanding shares of MMR common stock as of February 28, 2013 on an as-converted basis, and PXP beneficially owns approximately 31.3% of the outstanding shares of MMR common stock as of February 28, 2013.

During 2011 and 2012, FCX's management continued to advance its investments in brownfield development projects, with three expansion projects expected to increase annual copper production by one billion pounds in the next few years. FCX's management and the FCX Board also continued to evaluate and consider external opportunities for investments in mining but found limited opportunities to acquire copper assets that met FCX's investment criteria. In addition, the FCX Board continued to consider cash returns to stockholders, paying a supplemental dividend in June 2011 and increasing the regular dividend in February 2012.

James R. Moffett, FCX's Chairman and MMR's Co-Chairman and Chief Executive Officer, and James C. Flores, PXP's Chairman and Chief Executive Officer, have periodically had, since the negotiation of the 2010 transactions between MMR and PXP, informal discussions regarding the long-term strategic goals and objectives of each of FCX, MMR and PXP, including with respect to each of FCX's and PXP's investment in MMR's securities. Such discussions took place in the course of Mr. Moffett's and Mr. Flores' interactions due to the fact that each of Mr. Moffett and Mr. Flores served as a member of the MMR board of directors and are experts in the oil and gas business, and that each of FCX and PXP are significant shareholders of MMR, and did not progress into the formal exploration of any potential transactions. In January 2012, pursuant to registration rights granted to PXP in connection with its acquisition of MMR securities, PXP requested MMR to file a registration statement with the SEC with respect to the sale of a portion of the shares of MMR common stock owned by PXP. Subsequent to such request and during the first quarter of 2012, Mr. Moffett and Mr. Flores discussed in general terms the potential of FCX acquiring the shares of MMR common stock owned by PXP or a potential combination transaction among the three companies.

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In April, 2012, FCX's management retained Hanover Advisors LLC to provide financial consulting services with respect to FCX's potential acquisition of certain oil and gas assets.

On April 3, 2012, on an update call with the Board of Directors of PXP (the "PXP Board"), Mr. Flores informed the PXP Board of his discussions with Mr. Moffett. Subsequent to this call, representatives of PXP contacted representatives of Barclays about the potential combination of FCX and PXP, but did not discuss with Barclays the structure of the transaction. The PXP Board had not eliminated the possibility of selling the MMR common stock owned by PXP or otherwise disposing of such shares.

On April 30, 2012, in connection with regularly scheduled meetings of the boards of directors of FCX and MMR, Mr. Moffett discussed with all of the members of the FCX and MMR boards of directors the potential combination of FCX and MMR, along with PXP, to create a premier U.S.-based natural resources company with a successful record of building values through mineral and oil and gas exploration, development and production. During this discussion, Mr. Moffett noted the proven track record of the companies' management teams in finding and developing world class mineral and oil and gas assets and described the potential benefits of combining the companies.

During the executive session at a meeting of the FCX Board on May 1, 2012, the FCX Board discussed the potential of increasing FCX's North American operations, and diversifying into oil and gas exploration and production. In particular, the FCX Board discussed potential business combination transactions with one or both of MMR and PXP because of FCX's understanding of the oil and gas industry and positive view of the assets of MMR and PXP. The FCX Board was not considering any alternative oil and gas business combination transactions in view of FCX's existing investment in MMR. Subsequent to the April 30, 2012 discussions and the May 1, 2012 FCX Board meeting, Mr. Moffett contacted Mr. Flores to inform him of FCX's continued interest in a possible combination with PXP and MMR.

On May 3, 2012, management of PXP and representatives of Barclays made a presentation to the PXP Board concerning a possible combination with FCX and MMR.

At a meeting on May 24, 2012, the FCX Board again discussed potential business combination transactions with one or both of MMR and PXP and established a special committee of the FCX Board made up of independent directors (the "FCX special committee"), which the FCX Board authorized to review, evaluate and, as appropriate, negotiate with either or both MMR and PXP regarding a possible transaction, with a view toward making a recommendation to the FCX Board as to whether FCX should pursue a transaction with either or both of the companies. The FCX Board also authorized the FCX special committee to do all things that, in the judgment of the members of the FCX special committee, would be necessary, appropriate or advisable to assist the FCX special committee in carrying out its responsibilities with respect to any potential transaction with either MMR or PXP. While the FCX special committee was presented with data on other oil and gas companies during the process described below, the FCX special committee focused on considering the potential transactions with MMR and PXP. The FCX Board appointed Messrs. Allison, Krulak, Lackey, Madonna and McCoy to the FCX special committee. None of these directors served on the board of directors or as a member of management of either MMR or PXP, and all were the same directors who constituted the special committee of the FCX Board formed in connection with FCX's 2010 purchase of shares of MMR convertible preferred stock. The FCX special committee determined to elect Mr. Allison as chairman of the FCX special committee for reasons including his past experience as the Chairman and Chief Executive Officer of Anadarko Petroleum Corporation, and to retain Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton") as legal counsel to the FCX special committee.

Given that FCX was considering the acquisition of both MMR and PXP and in light of FCX's and PXP's beneficial ownership of MMR securities, the MMR board of directors determined on May 24, 2012 that it would be in the best interests of MMR and its stockholders to establish a special committee of the MMR board of directors made up of directors unaffiliated with FCX or PXP (the "MMR special committee"), comprised of Messrs. William P. Carmichael and A. Peyton Bush, III, two of the three independent directors of MMR, to

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consider any potential proposals made by FCX with respect to MMR as well as any alternatives available to MMR, including potential transactions with third parties. In arriving at its decision to elect Messrs. Carmichael and Bush to the MMR special committee, the MMR board took into account the fact that Messrs. Carmichael and Bush were also selected by the MMR board in 2010 to serve as members of a special committee of the MMR board to consider FCX's initial investment in MMR. In 2010, the third independent director of MMR, Suzanne T. Mestayer, had declined to serve on the special committee citing insufficient time due to outstanding business commitments. In light of Messrs. Carmichael and Bush's prior service and experience, the MMR board concluded that Messrs. Carmichael and Bush were best suited to serve on the MMR special committee. The MMR board of directors delegated to the MMR special committee the full power and authority of the MMR board of directors to, among other things, (1) consider and evaluate any proposals with respect to MMR and any alternatives, (2) negotiate the terms of any potential transaction, (3) reject any potential transaction, and (4) recommend a potential transaction or any other alternatives to the MMR board of directors. Messrs. Flores and Wombwell recused themselves from, and did not participate in, this meeting.

On May 31, 2012, Mr. Allison and counsel from Wachtell Lipton interviewed representatives of several investment banking firms who had been determined to be independent with respect to potential transactions involving MMR and PXP, including Credit Suisse. On June 6, 2012, Mr. Allison discussed with the FCX special committee the qualifications of each investment bank, and the FCX special committee determined to retain Credit Suisse as its financial advisor in connection with potential transactions involving either or both of PXP and MMR, subject to negotiation of an acceptable engagement letter.

On May 30, 2012, the MMR special committee retained Weil, Gotshal & Manges LLP (Weil), as independent legal counsel to the MMR special committee in connection with a potential transaction.

On June 12, 2012, the MMR special committee decided to retain Evercore Group L.L.C. (Evercore), as its financial advisor in connection with a potential transaction.

On June 21, PXP retained Jefferies & Company, Inc. (Jefferies) as one of its financial advisors.

On June 22, 2012, FCX and PXP entered into a confidentiality agreement, after which FCX and PXP began to exchange non-public information in connection with the potential transaction. On June 28, 2012, at a meeting of the FCX special committee in Houston, Texas, the FCX special committee, with the assistance of representatives of Credit Suisse and Wachtell Lipton, reviewed and discussed potential transactions with each of PXP and MMR. The FCX special committee also decided to retain petroleum engineers in connection with its evaluation of the potential transactions. The FCX special committee subsequently engaged the RPS Group (RPS) to perform a review and analysis of the reserves and resource potential of each of MMR and PXP.

On July 11, 2012, FCX and MMR entered into a confidentiality agreement, after which FCX and MMR began to exchange non-public information in connection with the potential transaction. Throughout this period, Mr. Allison, in his capacity as chairman of the FCX special committee, periodically spoke with each of Mr. Flores and Mr. Bush, a member of the MMR special committee, with respect to the review process and the potential for a transaction with either or both of their respective companies.

On July 16, 2012, MMR and PXP entered into a confidentiality agreement, which included a six-month standstill provision. After executing the confidentiality agreement, PXP and MMR began to exchange non-public information in connection with the potential transactions.

On July 31, 2012, the FCX special committee held a telephonic meeting attended by representatives of Credit Suisse and Wachtell Lipton. During the meeting, Credit Suisse updated the FCX special committee with regard to the status of its review of information with respect to PXP, including the review and analysis being conducted by RPS, and the FCX special committee authorized Credit Suisse, RPS and Wachtell Lipton to continue reviewing information with respect to each of PXP and MMR. This review continued during the month of August.

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From August 2012 through October 2012, FCX and PXP each conducted review and analysis of MMR.

On August 1, 2012, the PXP Board held a teleconference during which they received an update on a potential combination with FCX and MMR. During this teleconference, the PXP Board discussed the financial and operating characteristics of the combined company.

On August 14, 2012, Mr. Moffett and three MMR geologists met with PXP representatives to discuss PXP's Gulf of Mexico exploration properties for the purpose of assessing those properties in the context of potential acquisitions by FCX of each of MMR and PXP in transactions potentially involving the payment of shares of FCX common stock as all or a portion of the merger consideration.

On August 15, 2012, representatives of RPS, Credit Suisse, Wachtell Lipton and Evercore, MMR's financial advisor, met with management of MMR in Houston to gather and discuss information regarding certain aspects of MMR's operations.

On September 10, 2012, PXP announced its entry into definitive agreements to acquire Gulf of Mexico oil and gas properties from BP Exploration & Production Inc., BP America Production Company and Shell Offshore Inc. for total consideration of approximately \$6.1 billion.

On September 12, 2012, Mr. Flores informed Mr. Moffett that PXP had determined to focus on its recently announced Gulf of Mexico acquisition and that PXP would terminate its discussions with FCX concerning a possible combination.

On September 20, 2012, at a meeting of the FCX special committee held in Houston and attended by representatives of Credit Suisse, Wachtell Lipton and RPS, representatives of RPS discussed certain aspects of RPS' ongoing review of the exploration prospects and production assets of PXP and MMR. The update included an analysis of the assets and prospects of each company located in various geologic regions, management estimates, and historical success levels in each such region. Also during this meeting, the FCX special committee met with Mr. Flores and discussed with him PXP's recently announced acquisitions and plans for future development and PXP's existing equity ownership interest in MMR.

In the weeks following September 20, 2012, Credit Suisse, Wachtell Lipton and RPS continued their review of information relating to the assets and business of each of MMR and PXP. At a telephonic meeting on October 9, 2012, Credit Suisse and Wachtell Lipton updated the FCX special committee on the status of their reviews. At the request of the FCX special committee, Credit Suisse discussed matters relating to the potential transaction with PXP, including information received from RPS based on its ongoing review of PXP's existing assets and the assets to be acquired in PXP's pending Gulf of Mexico acquisitions. RPS continued its review of information relating to the assets and business of each of MMR and PXP through the beginning of December.

On September 20, 2012, Mr. Flores informed Mr. Allison that PXP had determined to focus on its recently announced Gulf of Mexico acquisition and terminated its discussions with FCX concerning a possible combination.

On October 24, 2012, at a meeting of the FCX special committee in Houston attended by representatives of Credit Suisse and Wachtell Lipton, the FCX special committee discussed the status of each potential transaction, including the possibility of including an overriding royalty trust structure that Evercore had identified to Credit Suisse as part of the consideration in a potential transaction. The FCX special committee asked Mr. Adkerson and Ms. Quirk to attend part of the meeting to provide input on the pro forma balance sheet and capitalization of the companies, if combined, and to comment on potential stockholder reaction to the proposed transactions. At the request of the FCX special committee, Mr. Moffett also attended a portion of the meeting for the purpose of discussing the operating characteristics of a combined company resulting from the potential transactions with each of PXP and MMR.

On October 27, 2012, Messrs. Allison and Flores spoke to determine that PXP was willing to re-engage in discussions with FCX with respect to a potential transaction.

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On October 28, 2012, at a telephonic meeting of the FCX special committee attended by representatives of Credit Suisse and Wachtell Lipton, Mr. Allison informed the FCX special committee of recent discussions with Mr. Flores in which Mr. Flores expressed PXP's preference that any potential transaction with PXP include FCX common stock as a significant proportion (approximately two-thirds) of the consideration payable to PXP stockholders. PXP's preference was aimed at minimizing the tax impact of the potential transaction and allowing PXP's stockholders to own an interest in the combined company on a tax deferred basis. Separately, Latham & Watkins LLP, counsel to PXP (Latham & Watkins), informed Wachtell Lipton that, in addition to the price to be paid to PXP stockholders, PXP was focused on any potential conditionality of a transaction, and was not interested in pursuing any transaction that would be conditioned on the closing of a transaction with MMR or would require a vote of the FCX stockholders. Mr. Allison also informed the FCX special committee of recent discussions between Messrs. Allison and Bush during which Mr. Bush informed Mr. Allison of the MMR special committee's opinion that a form of contingent consideration could be desirable as a component of any potential transaction between the parties. The FCX special committee discussed potential cash, stock and contingent consideration structures for acquisitions of each of MMR and PXP, including the accretive or dilutive effect of the various structures to FCX's stockholders, the availability of debt financing, prevailing interest rates at which FCX would anticipate being able to raise financing to fund any cash consideration, and the appropriate valuation and consideration mixes that could be explored with the representatives of each company, and agreed to schedule a follow-up meeting to further discuss those issues. In addition, the FCX special committee, with the assistance of Credit Suisse and Wachtell Lipton, discussed certain matters relating to potential transactions or actions with respect to FCX's capital structure that might be undertaken either as alternatives to, or in connection with, any potential transaction with PXP and/or MMR.

On October 30, 2012, at a regularly scheduled telephonic meeting of the FCX Board, the FCX special committee provided the FCX Board with an update on the status of each transaction.

At a telephonic meeting on October 30, 2012 attended by representatives of Credit Suisse and Wachtell Lipton, the FCX special committee, with the assistance of Credit Suisse and Wachtell Lipton, discussed the potential consideration structures for the acquisition of each of MMR and PXP (including the effect on FCX's post-transaction capital structure of offering consideration consisting of either cash or FCX common stock), and thereafter the FCX special committee authorized Mr. Allison to discuss a potential transaction with PXP at a price of up to \$47 per share, with the consideration consisting of half cash and half FCX common stock, and to discuss a potential transaction with MMR at a price of up to \$15 per share in cash, subject in each case to the FCX special committee deciding to recommend a transaction to the FCX Board.

On October 31, 2012, the PXP Board held a regularly scheduled meeting at which it discussed the possible transaction with FCX.

On November 1, 2012, the MMR special committee met by telephone with Evercore and Weil to inform them of a conversation with Mr. Allison, who informed the MMR special committee that, while FCX had not made a decision with respect to whether to pursue a transaction with MMR and had not made any changes in its investment intent with respect to its current ownership of MMR securities, it was willing to discuss the potential for an acquisition of MMR by FCX for \$15 per share in cash, subject to FCX Board approval. The MMR special committee, Evercore and Weil determined to meet in person the following week after Evercore had an opportunity to analyze and evaluate this information and determine next steps.

On November 1, 2012, Mr. Allison contacted Mr. Flores and indicated that the FCX special committee had continued its evaluation of PXP and was willing to discuss a potential acquisition of PXP, with consideration of up to \$47 per share consisting of half cash and half FCX common stock.

On November 6, 2012, the PXP Board met with its legal and financial advisors to consider the FCX special committee's proposal. At that meeting, the PXP Board authorized Mr. Flores to respond to Mr. Allison that PXP would potentially be interested in a transaction at \$55 per share with one-third of the consideration in cash and

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two-thirds of the consideration in FCX common stock. The PXP Board also discussed the potential role of PXP's senior management in the management of the combined company. Both the PXP Board and the FCX special committee mutually recognized the need for the combined company to retain senior management personnel with oil and gas industry experience. The PXP Board discussed the potential for a conflict of interest with respect to Mr. Flores as a result of his position as the Chairman of the PXP Board and the possibility that he would be retained as part of the combined company's senior management. Notwithstanding this potential conflict, the PXP Board determined that Mr. Flores' significant beneficial ownership of PXP common stock mitigated any potential conflict of interest by aligning Mr. Flores' interests with those of PXP's other stockholders. The PXP Board further determined that, because he had the most experience with and deepest knowledge of PXP's assets and business, Mr. Flores was in the best position to advance the interests of PXP stockholders by continuing discussions with FCX regarding this matter and that he would do so under the PXP Board's supervision.

On November 9, 2012, the MMR special committee, Evercore and Weil met in person at Evercore's offices in Houston, Texas to discuss and evaluate the FCX special committee's proposal. After discussion, the MMR special committee determined to respond to the FCX special committee with a proposal to discuss a potential transaction that would give MMR shareholders the option of receiving \$17.50 per share in cash or \$16.00 per share in cash and one unit of a trust that would hold a 4% overriding royalty interest in MMR's ultra-deep exploration prospects, which the MMR special committee valued at \$1.50 per unit.

On November 9, 2012, Mr. Allison discussed with Mr. Flores the possibility of a business combination transaction with PXP. Mr. Flores indicated that PXP would potentially be interested in a transaction at \$55 per share with one-third of the consideration in the form of cash and two-thirds of the consideration in the form of FCX common stock.

On November 9, 2012, the FCX special committee held a telephonic meeting attended by Credit Suisse and Wachtell Lipton during which Mr. Allison updated the members of the FCX special committee with respect to his discussions with Mr. Flores. Also at this meeting, representatives of Credit Suisse discussed with the FCX special committee certain matters relating to the potential transaction with each of PXP and MMR. The FCX special committee authorized Mr. Allison to continue discussions with each of PXP and MMR, and authorized Mr. Allison to discuss with Mr. Flores a potential valuation of PXP of \$49 to \$50 per share.

At a telephonic meeting on November 11, 2012 attended by representatives of Credit Suisse and Wachtell Lipton, the FCX special committee authorized Mr. Allison to continue discussing potential transactions with each of PXP and MMR. During this meeting, Credit Suisse informed the FCX special committee that representatives of Evercore had recently reiterated that the MMR special committee desired the consideration in any transaction to include a contingent component such as an overriding royalty interest in MMR's future production.

On November 11, 2012, Mr. Allison informed Mr. Bush that the FCX special committee would be willing to discuss a potential transaction involving consideration of \$15 per share in cash and units in a royalty trust holding a 4% overriding royalty interest in future production from MMR's ultra-deep exploration prospects, which was a structure that had been previously used in a public company acquisition of an oil and gas exploration and production company. Mr. Bush stated that the MMR special committee would discuss the potential consideration with its advisors.

On November 11, 2012, Mr. Allison indicated to Mr. Flores that FCX would be interested in a transaction valued at \$49 per share of PXP common stock. Messrs. Flores and Allison then discussed a potential transaction in the range of \$49 - \$51 per share of PXP common stock. Both Messrs. Flores and Allison agreed to convey such discussion to the PXP Board and the FCX special committee, as applicable, for discussion.

On November 11, 2012, Wachtell Lipton distributed a draft merger agreement to Latham & Watkins.

The PXP Board held a special telephonic meeting on November 14, 2012, with certain members of PXP management and representatives of Barclays and Latham & Watkins present. During the meeting, Mr. Flores

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provided an update on the potential transaction with FCX. The PXP Board discussed with its legal and financial advisors the proposed terms of the transaction with FCX, including FCX's proposed consideration of \$49 – \$50 per share of PXP common stock, FCX's proposal to pay the consideration half in cash and half in FCX common stock, and the need to retain PXP's senior management to provide strong operating results for the combined company. The PXP Board also discussed for the first time the need to retain a number of PXP directors to maintain continuity on the combined company's board. The PXP Board did not believe that this discussion presented any potential conflicts of interest for any member of the PXP Board since a decision had not yet been made as to which members, if any, would be designated as directors of the combined company. Following the discussions, the PXP Board agreed that PXP should continue negotiations with FCX and refine the terms of the draft merger agreement provided by Wachtell Lipton.

On November 15, 2012, during a telephonic meeting of the FCX special committee attended by representatives of Credit Suisse and Wachtell Lipton, Mr. Allison informed the FCX special committee that in a recent discussion with Mr. Flores, they discussed a potential transaction between PXP and FCX at a price range of \$49 – \$51 per share with consideration to consist of half cash and half FCX common stock, and that Mr. Allison and Mr. Flores had discussed Mr. Flores' potential role in the management of the combined company. Also on November 15, 2012, management of each of FCX and PXP met in Houston, together with their respective legal and financial advisors, with each party answering questions of the other party's management and representatives. Mr. Allison attended this meeting in his capacity as chairman of the FCX special committee.

On November 16, 2012, Mr. Bush contacted Mr. Allison to propose discussion of a potential transaction with consideration consisting of \$16 per share in cash and one unit in a royalty trust holding a 4% overriding royalty interest in future production from MMR's ultra-deep exploration prospects.

On November 18, 2012, the FCX special committee met telephonically to discuss the potential transactions with representatives of Credit Suisse and Wachtell Lipton present. During this meeting, Mr. Allison informed the FCX special committee that Mr. Bush had indicated to Mr. Allison that the MMR special committee would potentially be interested in discussing a transaction with consideration consisting of \$16 per share in cash and units in a royalty trust holding a 4% overriding royalty interest in future production from MMR's ultra-deep exploration prospects.

Later that day, Mr. Allison called Mr. Bush and proposed revised terms of \$15.50 per share in cash and one unit in a royalty trust holding a 4% overriding royalty interest in MMR's ultra-deep exploration prospects per share, which the MMR special committee valued at \$1.50 per unit, subject to FCX Board approval.

On November 19, 2012, Wachtell Lipton sent Weil an initial draft term sheet outlining the terms of the proposed overriding royalty interest trust, which included, among other things, a 10-year term and a 4% overriding royalty interest in the hydrocarbons produced from MMR's ultra-deep exploration prospects. Later on November 21, Wachtell Lipton distributed to Weil a draft merger agreement.

On November 26, 2012, MMR issued a press release providing an update on its Gulf of Mexico exploration and development activities, including delays in completing a production test on and the need for additional work to be conducted on the Davy Jones No. 1 well, positive drilling results at MMR's onshore Lineham Creek well, and logging results from MMR's Blackbeard West No. 2 ultra-deep exploration well. That same day, MMR's stock price declined approximately 22%.

The PXP Board met with its legal and financial advisors on November 28, 2012 to discuss the proposed transaction with FCX, including the proposed range of consideration. Barclays provided an overview of the mining industry in general and the copper industry in particular, the strategic benefits that could be expected to be realized and the strategic rationale of the transaction with FCX.

On November 29, 2012, the FCX special committee held a telephonic meeting attended by representatives of Credit Suisse and Wachtell Lipton and discussed recent trading activity in shares of MMR common stock,

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including a review of the transcript of an investor call recently held by MMR and recently released research analyst reports relating to MMR's common stock. In light of the decline in MMR's stock price, the FCX special committee authorized Mr. Allison to discuss a potential transaction with Mr. Bush involving reduced consideration of \$14 per share in cash and units in a royalty trust holding a 4% overriding royalty interest in future production from MMR's ultra-deep exploration prospects.

On November 30, 2012, representatives of Evercore discussed the potential merger consideration with representatives of Credit Suisse. At the direction of the FCX special committee, representatives of Credit Suisse informed the representatives of Evercore that the FCX special committee was unlikely to recommend in favor of a transaction involving a 6% overriding royalty interest due to concerns regarding dilution of FCX's interest in the subject properties. MMR's special committee met later that day and, following that meeting, Mr. Bush informed Mr. Allison of the MMR special committee's proposed transaction consideration of \$14.75 per share in cash and 1.15 units of a 5% overriding royalty interest trust. Mr. Allison discussed this proposed consideration with the individual members of the FCX special committee, and informed Mr. Bush that, based on such discussions, he believed that the FCX special committee was likely to support recommendation of a transaction involving this level of consideration.

On November 30, 2012, PXP closed its acquisitions of assets in the Gulf of Mexico from each of BP and Shell and the PXP Board met with its legal and financial advisors to discuss the progress of the financial, accounting and legal diligence review of FCX and MMR. At this meeting, representatives of Barclays reviewed Barclays' preliminary financial analyses regarding a strategic combination with FCX with the PXP Board. Additionally, Jefferies updated the PXP Board on the status of FCX's proposed transaction with MMR, including Jefferies' analysis of the proposed consideration.

On December 1, 2012, Wachtell Lipton distributed to Weil a draft voting and support agreement to be entered into in connection with the MMR transaction.

On December 3, 2012, at a meeting of the FCX special committee in Austin, Texas attended by representatives of Credit Suisse and Wachtell Lipton, Mr. Allison informed the FCX special committee that Mr. Flores had indicated that he was prepared to recommend to the PXP Board that PXP enter into a definitive agreement providing for a transaction at a price of \$50 per share consisting of an equal amount of cash and FCX common stock as merger consideration, and that, subject to negotiation of the final terms of the merger agreement, the MMR special committee had indicated that it was prepared to recommend to its board that MMR enter into a transaction at a price of \$14.75 in cash per share of MMR common stock and units in a royalty trust holding a 5% overriding royalty interest in future production from MMR's ultra-deep exploration prospects. After discussion, the FCX special committee agreed to move forward with its recommendation of the potential transactions, subject to the FCX special committee's receiving additional information as to the management structure of the combined company.

In the evening of December 3, 2012, the FCX special committee held a meeting that Messrs. Moffett, Adkerson and Flores, at the invitation of the FCX special committee, also attended to discuss the roles that each of them would play in the combined company after a transaction. In addition, the meeting was attended by representatives of Wachtell Lipton. At this meeting, it was agreed that, upon completion of the proposed transaction, Mr. Moffett would continue to serve as the Chairman of FCX, that Mr. Adkerson would continue to serve as President and Chief Executive Officer of FCX and would be appointed Vice Chairman of FCX, and that Mr. Flores would be appointed as Vice Chairman of FCX and Chief Executive Officer of FCX's oil and gas operations. After speaking with Messrs. Moffett, Adkerson and Flores, the FCX special committee tentatively determined to recommend to the FCX Board the transactions with each of PXP and MMR on the terms that had been described earlier that day to the FCX special committee.

On December 4, 2012, the PXP Board met with certain members of management and representatives of Barclays and Latham & Watkins to discuss FCX's proposed transactions with PXP and MMR. Mr. Flores described the proposed consideration to be paid by FCX for MMR. The PXP Board also discussed the proposed

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terms of the transaction between FCX and PXP. Latham & Watkins described the terms of the merger agreement (including the no-shop and termination provisions), the voting and support agreement, the letter agreements to be entered into by certain of PXP's officers and the FCX commitment letter. Representatives of Barclays then reviewed the Barclays fairness opinion analyses with respect to the transaction and confirmed that Barclays was in a position to issue its fairness opinion.

The FCX Board and the FCX special committee met concurrently on December 4, 2012 to consider the proposed transactions with each of PXP and MMR. At the invitation of the FCX board and the FCX special committee, certain members of FCX's management and representatives of Hanover Advisors also participated in the meeting. At the request of the FCX special committee, representatives of Credit Suisse and Wachtell Lipton also participated in the meeting. The FCX special committee and the FCX Board reviewed and discussed the proposed mergers with each of PXP and MMR.

Representatives of Wachtell Lipton then reviewed the terms of each of the proposed merger agreements to be entered into with PXP and MMR and other related transaction documents. Representatives of Wachtell Lipton then reviewed the terms of waiver letters and other employment arrangements to be entered into by Mr. Flores and other PXP officers in connection with the PXP transaction and the terms of the financing to be entered into in connection with the transactions, and reviewed with the FCX special committee and FCX Board their fiduciary duties with respect to the transactions.

Following that discussion, the members of the FCX special committee approved and declared advisable each of the merger agreements with PXP and MMR, the related transactions, and the additional transaction documents, and recommended that the FCX Board approve the same. Wachtell Lipton then described to the FCX Board the resolutions proposed to be adopted in connection with each of the transactions. At this time, each of Messrs. Adkerson, Moffett and Stephen Siegele recused themselves from the meeting due to their relationships with MMR. Following discussion, the FCX Board, upon recommendation of the FCX special committee, approved each of the merger agreements with PXP and MMR, the related transactions, the transaction documents and other matters in connection with the transactions, with Messrs. Allison, Krulak, Lackey and Madonna voting in favor and Messrs. Robert Day, Gerald Ford and Devon Graham abstaining from the vote due to their positions as members of the MMR board of directors.

On the morning of December 5, 2012, the PXP Board met by telephone with representatives of Latham & Watkins and Barclays. Representatives of Barclays delivered Barclays' oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated December 5, 2012, to the effect that as of the date of the merger agreement and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the merger consideration to be offered to PXP's stockholders was fair to such stockholders. The PXP Board approved the merger agreement with FCX and the related transactions.

On the morning of December 5, 2012, each of the MMR special committee and the MMR board of directors met by telephone with Weil and Evercore, and the MMR board of directors approved the merger agreement with FCX and the related transactions. Messrs. Flores and Wombwell recused themselves from, and did not participate in, this meeting.

On December 5, 2012, the merger agreements and related transaction documents were executed by the parties thereto, and FCX, PXP and MMR issued a joint press release announcing the transactions.

FCX's Reasons for the Merger

The FCX board of directors, following receipt of the recommendation the FCX special committee, determined that the merger agreement and the transactions contemplated thereby are advisable and in the best interests of FCX and its stockholders. In evaluating the merger agreement and the transactions contemplated thereby, the FCX special committee was advised by independent legal and financial advisors, and considered a

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variety of factors with respect to the merger, including those matters discussed in Background of the Merger. In view of the wide variety of factors considered in connection with the merger, the FCX special committee and the FCX board of directors did not consider it practical, nor did they attempt, to quantify or otherwise assign relative weight to different factors considered in reaching their decisions. In addition, individual members of the FCX special committee and the FCX board of directors, in approving the merger, may have given different weight to different factors. The FCX special committee and the FCX board of directors considered this information as a whole, and overall considered it to be favorable to, and in support of, their determination. In determining that the merger agreement and the transactions contemplated thereby are advisable and in the best interests of FCX and its stockholders, the FCX special committee and FCX board of directors considered a number of factors pertaining to the strategic and financial rationale for the merger, including the following:

Opportunity to Create A Premier U.S.-Based Natural Resource Company. The combination with PXP provides FCX with the opportunity to acquire a portfolio of high quality oil and natural gas exploration and production assets in attractive onshore and offshore U.S. geological basins that complement FCX's existing portfolio of mining assets. The FCX special committee and FCX board of directors believe that the combination of FCX and PXP, together with the expected merger with MMR, will create a premier U.S.-based natural resource company with an industry leading global portfolio of mineral assets, significant oil and gas resources and a growing production profile.

Complementary Asset Characteristics. The acquired assets possess similar characteristics sought in the mining business—high quality assets with low costs, long lives, strong margins and cash flows, exploration potential and financially attractive expansion opportunities. The merger provides FCX with exposure to energy markets, particularly for oil, which FCX believes have positive fundamentals and complementary market exposure to FCX's mining business. In addition, the acquired assets include significant long-term natural gas resources, which FCX believes have the potential to grow in value as natural gas markets improve in the United States from the current depressed values.

Enhanced Opportunities to Benefit from Long-Term Growth. The combined company following the merger is expected to provide an attractive portfolio of cash producing assets with existing infrastructure, lease holdings and exploration prospects to drive future growth. The transaction provides financially attractive opportunities to augment growth for FCX, at a time when attractive growth opportunities are limited in the mining business and during a time when oil and gas production is growing in the United States. The combination provides opportunities for the combined company to achieve superior returns through the allocation of capital investments to the highest-potential assets across a broader portfolio of opportunities at any given time.

Enhanced Geographic Diversity. The oil and gas assets being acquired are in high quality, onshore and offshore U.S. geologic basins, provide opportunities to expand resource investments in the U.S., and are expected to significantly increase the percentage of the combined company's earnings generated by U.S. operations as compared to FCX on a standalone basis. Enhanced geographic, commodity and asset diversity is expected to reduce the combined company's cost of capital and diversify exposure to political and regulatory risks prevalent in the mining industry.

Increased Scale. The increased scale of the combined company should permit it to compete more effectively and facilitate future development projects, exploration and acquisitions through increased cash flow, lower cost of capital investment, and the ability to allocate capital to the opportunities with the highest rates of return. While the companies operate in different industries, the FCX Board considered the increased scale as a positive factor in generating long-term returns for shareholders through a larger and well capitalized combined company with a broader portfolio of investment opportunities.

Benefits of Combined Expertise. The merger would combine complementary management teams with substantial experience and a record of success in mining and oil and gas operations. The combined human resources of the combined company will include global industry leading capabilities in operational excellence, major project development, technological innovation, exploration, engineering

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and prudent environmental management. FCX expects to retain PXP's experienced leadership and technical personnel, who will expand FCX's organizational capabilities.

Terms of the Merger Agreement. The FCX special committee and FCX board of directors reviewed the terms of the merger agreement, including the representations, obligations and rights of the parties under the merger agreement, the conditions to each party's obligation to complete the merger, the circumstances in which each party is permitted to terminate the merger agreement and the related termination fee payable by PXP in the event of termination of the merger agreement under specified circumstances.

Special Committee Process. The FCX board of directors recognized that the negotiation of the merger agreement and merger had been directed, overseen, evaluated and recommended by the FCX special committee, and that no member of the FCX special committee served on the board of directors or as a member of management of PXP or MMR.

Review and Evaluation. The FCX special committee, with the assistance of its legal and financial advisors and its oil and gas consultants and certain member of FCX's management, reviewed and evaluated the business, operations, financial condition, earnings and prospects of PXP.

Committed Financing. The FCX special committee and FCX board of directors considered their expectation, supported by the financing commitment letters, that FCX would be able to obtain the financing necessary to pay the cash portion of the merger consideration payable under the merger agreement and to finance the other transactions contemplated in connection with the merger, in each case on favorable terms.

The FCX special committee and FCX board of directors also considered the potential risks of the merger and certain other countervailing factors, including the following:

Share Price. That the implied value of the merger consideration represented a 38.7% premium over the closing price of PXP common stock on December 4, 2012, the last trading day before the merger agreement was signed.

Failure to Close. The risks and contingencies relating to the announcement and pendency of the merger and the risks and costs to FCX if the closing of the merger is not completed timely, or if the merger does not close at all, including the potential impact on FCX's relationships with employees and third parties.

Certain Antitrust-Related Risks. If the merger is completed and the merger with MMR is not completed, that the composition of the boards of directors of FCX and MMR may need to be adjusted in order to comply with the Clayton Antitrust Act.

Incurrence of Indebtedness. That FCX will incur significant indebtedness to finance the merger and, if it is also completed, the potential merger with MMR.

Shareholder Reaction. The fact that some FCX stockholders would likely react negatively to the merger and, if it is also completed, the potential merger with MMR.

Diversion of Focus. The risk of diverting management focus, employee attention and resources from other strategic opportunities and from operational matters while working to complete the merger.

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Transaction Costs. The fact that substantial transaction costs will be incurred in connection with the merger and, if it is also completed, the potential merger with MMR.

Litigation. The fact that litigation could occur in connection with the merger and the potential merger with MMR and that such litigation could increase costs and result in a diversion of management focus.

Personnel. The fact that business uncertainty pending completion of the merger could have an adverse impact on the ability of FCX to attract, retain and motivate key personnel.

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Diversification of Operations; Larger Company. The fact that FCX would grow in size but would not have any material operational synergies due to the fact that its expanded operations would be in a different primary industry than FCX's existing business operations. The FCX special committee and FCX Board also recognized that the larger, more diverse combined company could increase the risk of diverting senior management's focus from FCX's global mining operations.

Risks Inherent in the Oil and Gas Industry. The risks in the oil and gas industry differ from those in the mining industry and include, among others, risks relating to oil and gas exploration, drilling and development and operating in the deep water of the Gulf of Mexico. The FCX special committee and FCX Board also considered the management team's experience in understanding and managing oil and gas industry risks.

The FCX special committee and FCX board of directors believe that, overall, the potential benefits of the merger to FCX and FCX's stockholders outweigh the risks considered by the FCX special committee and FCX board of directors. The FCX special committee and FCX board of directors understood that there can be no assurance of future results, including results considered or expected as described in the factors listed above. It should be noted that this discussion of the reasoning of the FCX special committee and FCX board of directors and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements." Additionally, see "Certain Unaudited Financial Forecasts Prepared by the Management of PXP" and "Certain Unaudited Financial Information Prepared by the Management of FCX," respectively for information regarding the preparation of prospective financial information.

PXP's Reasons for the Merger; Recommendation of the PXP Board of Directors

The PXP board of directors believes that the merger agreement and the merger are in the best interests of PXP's stockholders. Accordingly, the PXP board of directors has unanimously approved the entry into the merger agreement, and recommends that PXP stockholders vote **FOR** the adoption of the merger agreement.

As described above under "Background of the Merger," the PXP board of directors, prior to and in reaching its decision at its meeting on December 5, 2012, to approve the entry into the merger agreement, consulted on numerous occasions with PXP's senior executive officers and financial and legal advisors, and considered a variety of factors weighing positively in favor of the transaction, including the following:

The merger consideration (on an aggregate basis) of \$25.00 in cash plus 0.6531 of a share of FCX common stock per share of PXP common stock (with a combined value equal to \$50 per share based upon the closing sale price of FCX common stock on December 4, 2012, the last trading day before the date of the board meeting), represented a premium of:

approximately 38.7% over the closing price of PXP common stock on December 4, 2012, the last trading day prior to the entry into the merger agreement;

approximately 41.2% and 36.8% over the average closing price of PXP common stock for the 30-day and 60-day periods, respectively, ending with December 4, 2012; and

approximately 7.5% and 59.5% above the highest and lowest closing sale price of PXP common stock for the 52-week period ended December 4, 2012, respectively.

The potential stockholder value that might result from the alternative of remaining as an independent public company, considering, in particular, the potential for PXP stockholders to share in any future growth of the company and continued costs, risks and uncertainties associated with continuing to operate as a public company. Prior to discussions with FCX, PXP was not engaged in a sale process and considered a potential transaction with FCX primarily due to its strategic nature. Thus, PXP did not evaluate other alternatives other than remaining as an independent public company.

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The PXP board's familiarity with, and understanding of, PXP's business, assets, financial condition, results of operations, current business strategy and prospects.

The reports of management and PXP's advisors regarding their due diligence review of FCX's and MMR's businesses, assets, financial condition, results of operations, business strategy and prospects and the expectation that the merger would be accretive to stockholders of the combined company.

The substantial base of resources and reserves owned by FCX, including the size and low cost position of FCX's Grasberg mine, the world's largest copper and gold mine in terms of reserves.

The strategic nature of the transaction, including the fact that the combination of the PXP, FCX and MMR businesses is expected to (1) create the largest diversified U.S.-based natural resource company with an enterprise value in the top five among global mining peers, (2) increase geographic diversification of the combined company within the U.S. and (3) increase commodity diversification for the combined company.

The scale of the combined company, which should permit it to compete more effectively than either PXP, FCX or MMR alone could operate and facilitate through increased cash flow and lower cost of capital investment in future development projects, exploration and acquisitions.

The expected lower cost of borrowing given the investment grade rating currently carried and expected to be maintained by FCX after completion of the merger used to fund the cash portion of the merger consideration and future projects.

The ability to retain its natural gas assets in the Haynesville shale and Madden fields to be able to participate in the future potential of these fields.

The opinion of Barclays described in the section entitled "Opinion of PXP's Financial Advisor", dated December 5, 2012, to the effect that, as of that date, and based upon and subject to the qualifications, limitations and assumptions set forth in its opinion, from a financial point of view, the merger consideration to be offered to holders of PXP common stock pursuant to the merger agreement was fair to such holders.

That integration of PXP and FCX would be enhanced by the key members of PXP management that would remain with the combined company.

Three members of the PXP board of directors will be appointed to the FCX board of directors upon the consummation of the merger, which is expected to provide a degree of continuity and involvement by PXP directors in the combined company following the transaction.

That because PXP stockholders have the right to elect merger consideration in the form of FCX common stock (subject to proration), PXP stockholders would have the opportunity to participate in the equity value of the combined company following the merger. In that regard, the PXP board understood that the volatility of prices for copper, gold and other minerals and oil and natural gas and general stock market conditions could cause the value of the consideration received in the merger to fluctuate, perhaps significantly, following the closing of the merger, but was of the view that on a long-term basis it would be desirable for stockholders to have an opportunity to retain a continuing investment in the combined company following the merger.

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The PXP board's expectation, supported by the financing commitment letters, that FCX would be able to obtain the financing necessary to pay the cash portion of the merger consideration payable under the merger agreement and to finance the other transactions contemplated in connection with the merger.

The terms and conditions of the merger agreement, including:

The blend of stock and cash consideration contemplated by the merger agreement and the ability of PXP stockholders to elect cash and/or stock consideration, subject to the proration provisions of the merger agreement based on the stockholders elections.

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The board's expectation that the stock portion of the merger consideration will be received tax free by PXP's stockholders (see Material United States Federal Income Tax Considerations of the Merger).

The limited nature of the closing conditions included in the merger agreement and the market, industry related and other exceptions to the events that would constitute a material adverse effect on PXP for purposes of the agreement, as well as the likelihood of satisfaction of all conditions to the consummation of the merger.

The obligation of FCX to use its reasonable best efforts to take all actions necessary to consummate the financing provided for in the financing commitment letter and, if such financing is unavailable, to use its reasonable best efforts to arrange to obtain alternate financing on terms and conditions not materially less favorable (taken as a whole) to FCX.

PXP's right to engage in negotiations with, and provide information to, a third party that makes an unsolicited acquisition proposal, if the board of directors determines in good faith, after consultation with its legal and financial advisors, that such proposal constitutes or is reasonably likely to lead to a transaction that is more favorable to PXP's stockholders than the merger.

The board's right to change its recommendation to vote in favor of the merger if (1) it has received a superior proposal or (2) upon the occurrence of certain intervening events if, in either case, it determines in good faith (after consultation with outside counsel) that the failure to take such action would reasonably be likely to be inconsistent with its fiduciary duties under applicable law, in each case subject to certain conditions and, if FCX elected to terminate the merger agreement as a result of such change in recommendation, reimbursement of FCX expenses up to \$69 million or payment of a \$207 million termination fee to FCX (less any amounts paid in respect of FCX expenses).

That (1) the termination fee of \$207 million (less FCX expenses reimbursed by PXP), representing approximately 3% of the aggregate merger consideration based upon the closing sale price of FCX common stock on December 4, 2012, the last trading date before the date of the board meeting, and (2) the agreement to reimburse FCX for up to \$69 million of expenses incurred by FCX in connection with the merger, in each case payable by PXP to FCX under specified circumstances were, in the board's judgment in consultation with PXP's counsel and financial advisors, reasonable.

The completion of the merger is not conditioned on FCX's obtaining financing.

The requirement that PXP stockholder approval be obtained as a condition to consummation of the merger.

The PXP board of directors also considered the potential adverse impact of other factors weighing negatively against the proposed merger, including the following:

That because the merger consideration is a fixed dollar amount and a fixed exchange ratio of FCX common stock, PXP stockholders could be adversely affected by a decrease in the trading price of FCX common stock during the pendency of the transactions and the fact that the merger agreement does not provide PXP with a price-based termination right or other similar protection.

That because of the proration procedures set forth in the merger agreement, PXP stockholders who make the cash election or the stock election will not always receive the form of merger consideration that they elect to receive.

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That, while the merger is expected to be completed, there is no assurance that all conditions to the parties' obligations to complete the merger will be satisfied or waived, and as a result, it is possible that the merger might not be completed even if approved by PXP's stockholders.

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The importance to FCX's business of its ability to continue to operate the Grasberg mine and the risks posed by the Grasberg mine's location in Papua, Indonesia, including political volatility and periodic occurrences of social unrest, which could have an adverse impact on the combined company.

The fact that FCX and its predecessors have participated in the mining and other businesses for many years and are subject to environmental regulation and clean-up activities, the extent of which could be larger and more costly than anticipated.

That it is possible that FCX may not be able to obtain all necessary financing to consummate the merger.

That the merger agreement contains restrictions on the conduct of PXP's business prior to completion of the proposed merger, including requiring PXP to conduct its business only in the ordinary course, subject to specific limitations, which could delay or prevent PXP from undertaking business opportunities that may arise pending completion of the merger.

That exchange of shares of PXP common stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes.

That the merger agreement imposes limitations on PXP's ability to solicit alternative transactions prior to closing and does not permit PXP to terminate the merger agreement to accept a superior proposal.

That, if the merger agreement is terminated under certain circumstances, PXP would be required to reimburse FCX for its expenses up to \$69 million or pay a \$207 million termination fee to FCX (less any amounts paid in respect of expenses).

Risks of the type and nature described under "Risk Factors."

The foregoing discussion of the information and factors considered by the PXP board of directors is not exhaustive, but includes the material factors considered by the board. In view of the wide variety of factors, both positive and negative, considered by the PXP board of directors, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise seek to assign relative weights to the specific factors that it considered in reaching its determination that the merger agreement and the merger are in the best interests of PXP stockholders. Rather, the PXP board of directors viewed its determinations as being based upon the judgment of its members, in light of the totality of information presented and considered, including the knowledge of such directors of PXP's business, financial condition and prospects and the advice of financial and legal advisors. In considering the factors described above, individual members of the PXP board of directors may have given different weight to different factors and may have applied different analyses to each of the material factors considered.

At a meeting held on December 5, 2012, after due consideration with PXP's management and advisors, the PXP board of directors determined, by unanimous vote, that the merger agreement and the merger are fair to and in the best interests of PXP's stockholders. The PXP board of directors recommends that PXP stockholders vote:

FOR the proposal to adopt the merger agreement; and

FOR any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to adopt the merger agreement.

Opinion of PXP's Financial Advisor

PXP engaged Barclays to act as PXP's financial advisor with respect to the transactions. On December 5, 2012, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to PXP's board of directors that, as of such date and based upon and subject to the

qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the merger consideration to be offered to the stockholders of PXP in the merger is fair to such stockholders.

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The full text of Barclays' written opinion, dated as of December 5, 2012, is attached hereto as Annex B. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. Holders of PXP common stock are encouraged to read the opinion carefully in its entirety. The following is a summary of Barclays' opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.

Barclays' opinion, the issuance of which was approved by Barclays' Valuation and Fairness Opinion Committee, is addressed to PXP's board of directors, addresses only the fairness, from a financial point of view, of the merger consideration to be offered to the stockholders of PXP and does not constitute a recommendation to any stockholder of PXP as to what form of consideration such stockholder should elect or how such stockholder should vote or act with respect to any other matter relating to the proposed transaction or any other matter. The terms of the proposed transaction were determined through arm's-length negotiations between PXP and FCX and were approved unanimously by PXP's board of directors. Barclays did not recommend any specific form of consideration to PXP or that any specific form of consideration constituted the only appropriate consideration for the proposed transaction. Barclays was not requested to address, and its opinion does not in any manner address, PXP's underlying business decision to proceed with or effect the proposed transaction or the likelihood of consummation of the proposed transaction. The opinion does not address the relative merits of the proposed transaction as compared to any other transaction or business strategy in which PXP might engage or the Voting and Support Agreement among PXP, FCX and MMR (the "voting and support agreement") or the MMR merger agreement or the transactions contemplated thereby. In addition, Barclays expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the proposed transaction, or any class of such persons, relative to the consideration to be offered to the stockholders of PXP in the proposed transaction. No limitations were imposed by PXP's board of directors upon Barclays with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, Barclays, reviewed and analyzed, among other things:

the merger agreement and the specific terms of the proposed transaction;

publicly available information concerning PXP, FCX and MMR that Barclays believed to be relevant to its analysis, including each of PXP's, FCX's and MMR's Annual Reports on Form 10-K for the fiscal year ended December 31, 2011 and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012;

financial and operating information with respect to the business, operations and prospects of PXP furnished to Barclays by PXP, including financial projections prepared by PXP's management (the "PXP Projections");

financial and operating information with respect to the business, operations and prospects of FCX furnished to Barclays by FCX, including financial projections prepared by FCX's management (the "FCX Projections");

estimates of certain (i) proved reserves of oil (including condensate and natural gas liquids) and natural gas, as of December 31, 2011, for PXP as prepared by a third-party reserve engineer and as prepared by management of PXP, (ii) non-proved reserves of oil (including condensate and natural gas liquids) and natural gas, as of December 31, 2011, for PXP as prepared by a third-party reserve engineer and as prepared by management of PXP and (iii) proved reserves and non-proved reserves of oil (including condensate and natural gas liquids) and natural gas, as of October 1, 2012, for the GOM Acquisition as prepared by management of PXP ((i) through (iii) collectively, the "PXP Reserve Reports");

estimates of certain (i) proven and probable reserves of copper, gold, molybdenum, cobalt and silver, as of December 31, 2011, for FCX as prepared by management of FCX and (ii) mineralized materials of copper, molybdenum, gold, cobalt and silver, as of December 31, 2011, for FCX as prepared by the management of FCX ((i) and (ii) collectively, the "FCX Reserve Report");

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the trading histories of PXP Common Stock and FCX Common Stock from December 6, 2010 to December 3, 2012 and a comparison of those trading histories with each other and those of other companies that Barclays deemed relevant;

a comparison of the historical financial results and present financial condition of PXP and FCX with those of other companies that Barclays deemed relevant;

a comparison of the financial terms of the proposed transaction with the financial terms of certain other transactions that Barclays deemed relevant;

the potential pro forma impact of the proposed transaction on the current and future financial performance and credit profile of the combined company;

published estimates by independent equity research analysts with respect to the future financial performance of PXP and FCX;

the relative contributions of PXP and FCX to the current and future financial performance of the combined company on a pro forma basis; and

the voting and support agreement and the MMR merger agreement.

In addition, Barclays had discussions with the managements of PXP and FCX concerning their respective businesses, operations, assets, liabilities, financial conditions, dividend policies, equity liquidity and prospects and undertook such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and has not assumed responsibility or liability for any independent verification of such information). Barclays also relied upon the assurances of the managements of PXP and FCX that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the PXP Projections, upon advice of PXP, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of PXP as to PXP's future financial performance and that PXP would perform substantially in accordance with such projections. With respect to the PXP Reserve Reports, Barclays discussed these reports with the management of PXP and upon advice of PXP, Barclays assumed that the PXP Reserve Reports were a reasonable basis upon which to evaluate the proved and non-proved reserve levels of PXP. Barclays relied on the PXP Projections and PXP Reserve Reports in arriving at its opinion. With respect to the FCX Projections, upon advice of PXP and FCX, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of FCX as to the future financial performance of FCX and that FCX will perform substantially in accordance with such projections. With respect to the FCX Reserve Report, Barclays discussed this report with the managements of PXP and FCX and upon advice of PXP and FCX, assumed that the FCX Reserve Report was a reasonable basis upon which to evaluate the proven and probable reserves and mineralized materials of FCX. Barclays relied on the FCX Projections and FCX Reserve Report in arriving at its opinion. In arriving at its opinion, Barclays assumed no responsibility for and expressed no view as to any such projections or estimates or the assumptions on which they were based. In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of PXP or FCX and did not make or obtain any evaluations or appraisals of the assets or liabilities of PXP or FCX. In addition, Barclays was not authorized by PXP to solicit, and did not solicit, any indications of interest from any third party with respect to the purchase of all or a part of PXP's business. Barclays' opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, December 5, 2012. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may have occurred after the delivery of its opinion to PXP on December 5, 2012. In addition, Barclays expressed no opinion as to the prices at which shares of (i) PXP Common Stock or FCX Common Stock would or will trade at any time following the announcement of the proposed transaction or (ii) FCX Common Stock will trade at any time following the consummation of the proposed transaction. Barclays' opinion should not be viewed as providing any assurance that the market value of

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the FCX Common Stock to be received by stockholders of PXP who elect to receive such FCX Common Stock at the Exchange Ratio in the proposed transaction, and assuming no proration, will be in excess of the market value of common stock of PXP owned by such stockholders at any time prior to the announcement or consummation of the proposed transaction.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the shares of PXP Common Stock or FCX Common Stock but rather made its determination as to fairness, from a financial point of view, to PXP's stockholders of the consideration to be offered to such stockholders in the proposed transaction on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays in preparing its opinion to PXP's board of directors. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of PXP or any other parties to the proposed transaction. None of PXP, FCX, Merger Sub, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

Summary of Analyses

The following is a summary of the material financial analyses performed by Barclays with respect to PXP and FCX in preparing Barclays opinion:

net asset valuation analysis;

discounted cash flow analysis;

comparable company analysis;

in the case of PXP, comparable transactions analysis;

analysis of equity research analyst price targets; and

in the case of FCX, analysis of equity research analyst net asset value estimates.

Each of these methodologies was used to generate reference enterprise or equity value ranges for each of PXP and FCX, respectively. Based on discussions with the management of PXP, the enterprise value ranges for each company were adjusted for estimates of appropriate on-balance sheet and off-balance sheet assets and liabilities, as of December 31, 2012, to arrive at implied equity value ranges (in aggregate dollars) for each company, respectively, including, as applicable without limitation, for PXP: the assumed value of PXP's ownership of approximately 51 million

common shares of MMR; the estimated value of the third-party minority

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interest in Plains Offshore Operations Inc. (POI); the estimated value of PXP's commodity hedging portfolio; the net present value of future income tax savings expected to result from PXP's historical net operating losses; the estimate of the value for PXP's asset retirement obligations and the net estimated value for PXP's cash-settled restricted stock units, stock appreciation rights and tax withholding amounts and for FCX: the liquidation preference value of 500,000 shares of MMR's $\frac{3}{4}\%$ Convertible Perpetual Preferred Stock; a range of estimated values for FCX's asset retirement obligations; the estimated value of FCX's noncontrolling interests; a range of estimated values for FCX's reclamation and environmental obligations; a range of estimated values for FCX's contingent obligations for foreign jurisdiction taxes and a range of estimated values for FCX's pension obligations. The implied equity value ranges for each of PXP and FCX, respectively, were then divided by diluted shares outstanding, comprised of primary shares and incorporating the dilutive effect of outstanding options, restricted stock and stock-settled restricted stock units and stock appreciation rights using the treasury share method, as applicable, in order to derive implied equity value ranges per share for each company.

The implied equity value ranges per share of PXP common stock were compared to the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share to be offered to PXP stockholders in the transaction (based on FCX's closing stock price as of December 4, 2012). In addition, the implied equity value ranges per share of FCX common stock were compared to FCX's closing stock price of \$38.40 on December 3, 2012.

In addition to analyzing the value of the common stock of PXP and FCX, Barclays also analyzed and reviewed: (i) the daily historical closing prices of PXP Common Stock and FCX Common Stock for the period from December 6, 2010 to December 3, 2012; (ii) certain publicly available information related to selected corporate transactions to calculate the amount of premiums paid by the acquirers to the acquired company's stockholders; (iii) the relative income statement and cash flow contribution of PXP and FCX to the pro forma combined company and (iv) the pro forma impact of the transaction on the current and future financial performance and credit profile of the combined company for (a) projected estimates for 2013, 2014, 2015 and 2016 for earnings per share (EPS) and discretionary cash flow per share (DCFPS) for the combined company based on the PXP Projections and the FCX Projections and (b) projected estimates for 2013 and 2014 for EPS and DCFPS for the combined company based on consensus estimates published by Institutional Brokers' Estimate System (I/B/E/S Estimates).

In particular, in applying the various valuation methodologies to the particular businesses, operations and prospects of PXP and FCX, and the particular circumstances of the transaction, Barclays made qualitative judgments as to the significance and relevance of each analysis. In addition, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of PXP and FCX. Such qualitative judgments and assumptions of Barclays were made following discussions with the management of each of PXP and FCX. Accordingly, the methodologies and the implied common equity value ranges per share derived therefrom must be considered as a whole and in the context of the narrative description of the financial analyses, including the assumptions underlying these analyses. Considering the implied common equity value ranges per share without considering the full narrative description of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the process underlying, and conclusions represented by, Barclays' opinion.

The implied equity value ranges per share, derived using the various valuation methodologies listed above, supported the conclusion that the merger consideration to be offered to the stockholders of PXP was fair, from a financial point of view, to such stockholders.

Net Asset Valuation Analysis

With respect to the net asset valuation analysis for PXP, Barclays estimated the present value of the future after-tax cash flows expected to be generated per the PXP Reserve Reports and based on reserve, production and capital cost estimates as of the dates of the PXP Reserve Reports. The present value of the future after-tax cash flows was determined using a range of discount rates and risking factors and assuming a tax rate of 35%. Barclays

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assumed a range of discount rates and risk factors based on reserve category and location, as discussed with PXP management. The net asset valuation analysis was performed under four commodity price scenarios (PXP Case I, PXP Case II, PXP Case III and PXP Case IV), which are described below. All assumptions were applied consistently to each reserve category across each of the four commodity price scenarios.

Certain of the natural gas and oil price scenarios employed by Barclays were based on (i) in the case of Brent crude oil (Brent), the cash-settled contract traded on the Intercontinental Exchange Inc., which represents a benchmark price for crude oil production in the North Sea and global waterborne crude oil and (ii) in the case of natural gas, the benchmark price for New York Mercantile Exchange prices for Henry Hub, Louisiana delivery for natural gas (HHUB). Brent oil price quotations are stated in dollars per barrel, or Bbl, of crude oil. Adjustments were made to Brent prices to reflect location and quality differentials. HHUB price quotations are stated in dollars per million British Thermal Units, or MMBtu heating value equivalents. Adjustments were made to HHUB pricing for location and quality differentials including the heating value equivalents per thousand cubic feet of natural gas.

The following table summarizes the natural gas and oil price scenarios Barclays employed to estimate future after-tax cash flows for each of the reserve categories Barclays considered for the PXP Reserve Reports. PXP Case IV reflects the Brent and HHUB strip as of the close of business on December 3, 2012.

	2013E	2014E	2015E	2016E	2017E	Thereafter
Oil Brent						
(\$/bbl)						
PXP Case I	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00
PXP Case II	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
PXP Case III	\$ 105.00	\$ 105.00	\$ 105.00	\$ 105.00	\$ 105.00	\$ 105.00
PXP Case IV	\$ 107.80	\$ 102.93	\$ 98.58	\$ 95.13	\$ 92.31	\$ 92.31
Gas HHUB						
(\$/MMBtu)						
PXP Case I	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
PXP Case II	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
PXP Case III	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
PXP Case IV	\$ 3.73	\$ 4.10	\$ 4.27	\$ 4.42	\$ 4.60	\$ 4.60

The net asset valuation analysis yielded valuations for PXP that implied an equity value range of \$31.81 to \$49.46 per PXP share for PXP Case I, an equity value range of \$38.82 to \$58.33 per PXP share for PXP Case II, an equity value range of \$46.04 to \$67.59 per PXP share for PXP Case III and an equity value range of \$32.38 to \$50.89 per PXP share for PXP Case IV, respectively. Barclays noted that the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share (based on the FCX closing price on December 4, 2012) to be offered to PXP's stockholders in the transaction was above the implied equity value per range per PXP share in PXP Case I and in line with the implied equity value range per PXP share in PXP Case II, PXP Case III and PXP Case IV, respectively.

With respect to the net asset valuation analysis for FCX, Barclays estimated the present value of the future after-tax cash flows expected to be generated pursuant to the life-of-mine estimates as provided by FCX management and based upon the FCX Reserve Report. The present value of the future after-tax cash flows was determined using a range of real discount rates of 8.0% to 12.0% and assuming a corporate tax rate of 34.5% and incorporating cash taxes on a mine by mine basis as per projections provided by FCX management. As discussed with the management of PXP, the discount rates were based on Barclays' analysis in accordance with the capital asset pricing model of the weighted average cost of capital for FCX as well as the weighted average cost of capital for companies in the mining sector of relatively similar size and with relatively similar credit ratings as FCX.

With respect to FCX, the net asset valuation analysis was performed under two commodity price scenarios for copper: (i) a scenario prepared by FCX's management, NAV \$3.50 Cu Case (FCX NAV Case I) and (ii) a

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sensitivity analysis adjusted for estimates assuming a flat \$3.15 per pound copper price, NAV \$3.15 Cu Case (FCX NAV Case II). In FCX NAV Case I, a flat \$3.50 per pound copper price was applied to the FCX Reserve Report for the entire period of the report. In FCX NAV Case II, a flat \$3.15 per pound copper price was applied to the FCX Reserve Report for the entire period of the report. In both cases, gold, molybdenum, cobalt and silver prices were held flat throughout the entire period of the FCX Reserve Report at \$1,600.00 per troy ounce of gold, \$14.00 per pound of molybdenum, \$15.00 per pound of cobalt and \$30.00 per troy ounce of silver. Barclays added to such estimated values for FCX's proven and probable reserves an estimate of value for in-situ mineralized material of copper, gold, molybdenum, cobalt and silver, as of December 31, 2011, on a copper-equivalent basis (CuEq).

The net asset valuation analyses yielded valuations for FCX that implied an equity value range of \$48.93 to \$65.88 per FCX share for FCX NAV Case I and \$42.01 to \$56.85 per FCX share for FCX NAV Case II, respectively, as compared to FCX's closing stock price of \$38.40 on December 3, 2012.

Discounted Cash Flow Analysis

In order to estimate the present values of PXP common stock and FCX common stock, Barclays performed discounted cash flow analyses of each of PXP and FCX. A discounted cash flow analysis is a traditional valuation methodology used to derive the valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a range of discount rates that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

To calculate the estimated enterprise value range of PXP using discounted cash flow analysis, Barclays added (i) projected after-tax unlevered free cash flows for fiscal years 2013 through 2016 based on the PXP Projections, as adjusted by PXP management for strip prices as of November 1, 2012 to (ii) the terminal value of PXP, as of December 31, 2016, and discounted such amounts to their net present value using a range of selected discount rates. Specifically, Barclays used a discount rate range of 10.0% to 12.0%. The discount rates were based on Barclays analysis in accordance with the capital asset pricing model of the weighted average cost of capital for PXP as well as the weighted average cost of capital for oil and gas exploration and production (E&P) companies with similar size and similar credit ratings, as applicable. The residual value of PXP at the end of the forecast period, or terminal value, was estimated by applying enterprise value multiples ranging from 4.5x to 5.5x to PXP's 2016 estimate of earnings before interest, taxes and depreciation and amortization (EBITDA). Such enterprise value multiples were derived using information from the comparable companies analysis and based upon Barclays' professional judgment. The enterprise value range for PXP yielded by the PXP discounted cash flow analysis implied an equity value range for PXP of \$33.97 to \$57.25 per PXP share, which Barclays noted was in line with the implied value, as of December 4, 2012, of the merger consideration to be offered to PXP stockholders in the transaction of \$50.00 per PXP share (based on FCX's closing stock price as of December 4, 2012).

With respect to FCX, the discounted cash flow analysis was performed under two commodity price scenarios: (i) a scenario prepared by FCX's management, Discounted Cash Flow Analysis \$3.50 Cu Case (FCX DCF Case I) and (ii) a sensitivity analysis assuming a flat copper price of \$3.15 per pound, Discounted Cash Flow Analysis \$3.15 Cu Case (FCX DCF Case II). To calculate the estimated enterprise value ranges in the discounted cash flow analyses for FCX, Barclays added (i) after-tax unlevered free cash flows for fiscal years 2013 through 2016 to (ii) the terminal value of FCX, as of December 31, 2016, and discounted such amounts to their net present value using a range of selected discount rates. For FCX DCF Case I, the unlevered free cash flows for the fiscal years 2013 through 2016 were based on the FCX Projections. For FCX DCF Case II, the unlevered free cash flows for the fiscal years 2013 through 2016 were based on the FCX Projections as adjusted for estimates assuming a flat \$3.15 per pound copper price over the period. For each case, Barclays used a nominal discount rate range of 10.5% to 14.5%. The discount rates were based on Barclays' analysis in

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accordance with the capital asset pricing model of the weighted average cost of capital for FCX as well as the weighted average cost of capital for mining companies with similar size and similar credit ratings, as applicable. The terminal value of FCX at the end of the forecast period was estimated by applying enterprise value multiples ranging from 4.5x to 5.5x to the estimate of the average EBITDA for the 3-year period from 2014 through 2016 for FCX for each of FCX DCF Case I and FCX DCF Case II, respectively. Such enterprise value multiples were derived using information from the comparable companies analysis and based upon Barclays' professional judgment. The enterprise value ranges for FCX yielded by the FCX discounted cash flow analyses implied an equity value range for FCX of \$44.66 to \$54.55 per FCX share under FCX DCF Case I and \$35.44 to \$45.38 per FCX share under FCX DCF Case II, respectively. Barclays noted that the implied equity value ranges under FCX DCF Case I and FCX DCF Case II of the discounted cash analyses compare to FCX's closing share price on December 3, 2012 of \$38.40 per share.

Comparable Company Analysis

In order to assess how the public market values shares of similar publicly traded companies, Barclays reviewed and compared specific financial and operating data relating to PXP and FCX companies selected by Barclays based on Barclays' experience in the E&P and mining industries.

With respect to PXP, Barclays reviewed the public stock market trading multiples for the following companies. Barclays selected the following companies based on its experience in the E&P sector and included all of the companies it deemed relevant because of their business and operating profiles and their generally similar size and asset characteristics including but not limited to, the percentage of oil versus natural gas, the percentage of proved undeveloped reserves to total proved reserves and the proved reserve life (calculated as pro forma proved reserves divided by the latest daily production annualized) in each of the companies' portfolios as compared to PXP. The criteria were evaluated in their entirety without application of definitive qualifications or limitations to any individual criteria. Although Barclays is not aware of any other companies that would fit the mix of criteria used to identify the comparable companies selected, other persons might consider other companies to be comparable or might not include all of the companies Barclays included in its selected comparable companies. The companies selected were:

Berry Petroleum Company

Cimarex Energy Co. (Cimarex)

Continental Resources, Inc.

Concho Resources Inc. (Concho)

Newfield Exploration Company

Noble Energy, Inc. (Noble)

Pioneer Natural Resources Company (Pioneer)

SandRidge Energy, Inc. (SandRidge)

SM Energy Company

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Whiting Petroleum Corporation

Using publicly available information, Barclays calculated and analyzed enterprise value multiples of each comparable company's earnings before interest, taxes, depreciation and amortization and exploration expense (EBITDAX) for 2013 and 2014 based on I/B/E/S Estimates and proved reserves (based on a barrel of oil equivalent basis assuming a conversion ratio of natural gas to oil of 6 to 1 (BOE)) and latest daily production (based on a barrel of oil equivalent per day (BOEpd) basis), pro forma for acquisition and divestiture activity. The enterprise value of each comparable company was obtained by adding its outstanding debt to the sum of the market value of its common stock using its closing stock price as of December 3, 2012, the book value of its preferred stock and the book value of any minority interest minus its cash balance, as appropriate. Barclays

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calculated the enterprise multiples of proved reserves and latest daily production by dividing each company's calculated enterprise value by its proved reserves and latest daily production, respectively. In addition, Barclays calculated and analyzed equity value multiples of each comparable company's DCFPS for 2013 and 2014 based on I/B/E/S Estimates. The results of the PXP comparable company analysis are summarized below:

Enterprise Value as a Multiple of:	Multiple Range of Comparable Companies of PXP		
	Low	Median	High
2013E EBITDAX	3.8x	5.0x	6.7x
2014E EBITDAX	3.1x	4.3x	5.6x
12/31/11 Pro Forma Proved Reserves (\$/BOE)	\$ 9.87	\$ 17.22	\$ 30.50
Latest Daily Production (\$/BOEpd)	\$ 45,707	\$ 80,167	\$ 155,660
Equity Value as a Multiple of:			
2013E DCFPS	2.5x	3.9x	6.3x
2014E DCFPS	2.1x	3.3x	5.2x

Barclays selected the comparable companies as described above on page 58. However, because of the inherent differences between the business, operations and prospects of PXP and those of the selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of PXP and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degrees of operational risk between PXP and the selected companies included in the comparable company analysis. Based upon these judgments, Barclays comparable company analysis yielded an equity value range for PXP of \$35.91 to \$57.44 per PXP share, which Barclays noted was in line with the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share to be offered to the PXP's stockholders in the transaction (based on the FCX closing stock price on December 4, 2012).

With respect to FCX, Barclays reviewed the public stock market trading multiples for the following companies. Barclays selected the following companies based on its experience in the mining sector and included all of the companies which it deemed relevant to its analysis of FCX. In the case of the copper producers, the companies were selected because copper industry fundamentals have a substantial impact on their financial and operating performance, similar to the case with FCX. In the case of the diversified producers, the companies were selected because they are principally mining companies and the overall scale of their businesses and operations is considered similar to the businesses and operations of FCX. The criteria were evaluated in their entirety without application of definitive qualifications or limitations to any individual criteria. Although Barclays is not aware of any other companies that would fit the mix of criteria used to identify the comparable companies selected, other persons might consider other companies to be comparable or might not include all of the companies Barclays included in its selected comparable companies:

Copper Producers

Antofagasta PLC

First Quantum Minerals Ltd.

Inmet Mining Corporation

Kazaknmys PLC

KGHM Polska Miedź Spółka Akcyjna

Southern Copper Corp.

Lundin Mining Corporation

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Diversified Producers

Anglo American PLC

BHP Billiton Limited (BHP)

Glencore International PLC

Rio Tinto Ltd.

Teck Resources Limited

Vale S.A.

Xstrata PLC

Using publicly available information, Barclays calculated and analyzed enterprise value multiples of each comparable company's EBITDA based on I/B/E/S Estimates. For the copper producers, Barclays also analyzed enterprise value multiples of proven and probable reserves on a CuEq basis pro forma for acquisition and divestiture activity. The enterprise value of each comparable company was obtained by adding its outstanding debt to the sum of the market value of its common stock using its closing stock price as of December 3, 2012, the book value of its preferred stock, the book value of any minority interest and values for other on-balance sheet and off-balance sheet assets and liabilities minus its cash balance, as appropriate. For the copper producers, Barclays calculated the enterprise multiple of reserves by dividing each company's calculated enterprise value by its reported CuEq proven and probable reserves. In addition, Barclays calculated and analyzed equity value multiples of each comparable company's DCFPS and EPS for 2012, 2013 and 2014 based on I/B/E/S Estimates. The results of the FCX comparable company analysis are summarized below:

	Multiple Range of Comparable Companies of FCX		
	Low	Median	High
Enterprise Value as a Multiple of:			
Copper Producers			
2012E EBITDA	4.7x	6.0x	8.6x
2013E EBITDA	5.4x	5.7x	7.9x
2014E EBITDA	5.3x	5.5x	7.3x
12/31/11 Pro Forma Reserves (¢/CuEq)	14.3¢	31.1¢	71.8¢
Diversified Producers			
2012E EBITDA	5.7x	7.1x	12.3x
2013E EBITDA	4.7x	6.4x	9.4x
2014E EBITDA	4.6x	5.5x	7.9x
Equity Value as a Multiple of:			
Copper Producers			
2012E DCFPS	6.1x	8.5x	12.4x
2013E DCFPS	7.1x	7.7x	15.3x
2014E DCFPS	6.5x	8.1x	11.6x
2012E EPS	7.2x	14.3x	18.4x
2013E EPS	7.7x	12.2x	14.3x

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2014E EPS	7.7x	11.7x	14.4x
Diversified Producers			
2012E DCFPS	6.0x	6.9x	9.1x
2013E DCFPS	4.9x	6.2x	8.1x
2014E DCFPS	4.3x	5.6x	7.3x
2012E EPS	6.7x	12.3x	13.5x
2013E EPS	5.9x	9.8x	12.1x
2014E EPS	5.6x	8.3x	10.7x

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Barclays selected the comparable companies listed above because their business and operating profiles are reasonably similar to that of FCX. However, because of the inherent differences between the business, operations and prospects of FCX and those of the selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of FCX and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degrees of operational risk between FCX and the selected companies included in the comparable company analysis. Based upon these judgments, Barclays comparable company analysis yielded an equity value range for FCX of \$37.74 to \$53.01 per FCX share as compared to FCX's closing stock price of \$38.40 on December 3, 2012.

Comparable Transactions Analysis

With respect to the comparable transactions analysis for PXP, Barclays reviewed and compared the purchase prices and financial multiples paid in selected other transactions that Barclays deemed relevant based on its experience with merger and acquisition transactions, specifically in the E&P industry. Barclays chose such E&P transactions based on, among other things, the similarity of the applicable target companies to PXP with respect principally to size and domestic focus. The criteria used in selecting, from the IHS Herold database, the selected transactions analyzed included all of the transactions: (i) announced since January 1, 2002, (ii) involving the purchase of 100% of the capital stock of target companies whose principal activities were in the United States, (iii) with an upstream transaction value in excess of \$1 billion, and (iv) with proved reserve detail of the target companies, including a breakdown of proved oil reserves. The criteria in the previous sentence did not identify any transactions that were excluded from the analysis. The following list sets forth the transactions analyzed based on such characteristics, and the date each transaction was announced.

Three Rivers Operating Company Inc. Investor Group / Concho (5/13/2012)

Dynamic Offshore Resources, Inc. Investor Group / SandRidge (2/2/2012)

Cordillera Corp. Investor Group / Apache Corporation (Apache) (1/23/2012)

Petrohawk Energy Corporation (Petrohawk) / BHP (7/15/2011)

Atlas Energy, Inc. (Atlas) / Chevron Corporation (11/9/2010)

Marbob Energy Corp. / Concho (7/20/2010)

Arena Resources, Inc. / SandRidge (6/2/2010)

Mariner Energy, Inc. / Apache (4/15/2010)

XTO Energy Inc. (XTO) / Exxon Mobil Corporation (12/14/2009)

Encore Acquisition Company / Denbury Resources Inc. (11/1/2009)

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Atlas America Inc. / Atlas (4/27/2009)

Hunt Petroleum Corp. et al / XTO (6/10/2008)

Bois d Arc Energy, Inc. / Stone Energy Corporation (4/30/2008)

Pogo Producing Company / PXP (7/17/2007)

The Houston Exploration Company / Forest Oil Corp. (1/7/2007)

American Real Estate Holdings Limited Partnership Investor Group / SandRidge (9/8/2006)

Kerr-McGee Corporation (Kerr-McGee) / Anadarko Petroleum Corp. (Anadarko) (6/23/2006)

Western Gas Resources Inc. / Anadarko (6/23/2006)

Chief Oil & Gas LLC / Devon Energy Corporation (Devon) (5/2/2006)

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KCS Energy, Inc. / Petrohawk (4/21/2006)

Remington Oil And Gas Corporation / Helix Energy Solutions Group, Inc. (1/23/2006)

Burlington Resources Inc. / ConocoPhillips (12/12/2005)

Columbia Natural Resources / Chesapeake Energy Corporation (10/3/2005)

Spinnaker Exploration Company / Norsk Hydro ASA (9/19/2005)

Magnum Hunter Resources Corporation / Cimarex (1/26/2005)

Antero Resources LLC Investor Group / XTO (1/11/2005)

Patina Oil & Gas Corporation / Noble (12/16/2004)

Evergreen Resources Inc. / Pioneer (5/4/2004)

Tom Brown Inc. / Encana Corporation (4/15/2004)

Westport Resources Corporation / Kerr-McGee (4/7/2004)

Ocean Energy Inc. / Devon (2/24/2003)

Using publicly available information, Barclays calculated and analyzed enterprise multiples of proved reserves and latest daily production in the selected comparable transactions. Barclays calculated the enterprise value multiples of proved reserves and latest daily production by dividing each transaction's purchase price less the assumed value of non-E&P assets acquired by the disclosed proved reserves and daily production, respectively. The results of the comparable transaction analysis are summarized below:

	Multiple Range of Comparable Transactions of PXP		
	Low	Median	High
Enterprise Value as a Multiple of:			
Proved Reserves (\$/BOE)	\$ 8.60	\$ 18.38	\$ 41.62
Latest Daily Production (\$/BOEpd)	\$ 32,270	\$ 91,495	\$ 281,858

The reasons for and the circumstances surrounding each of the selected comparable transactions analyzed were diverse and there are inherent differences between the businesses, operations, financial conditions and prospects of PXP and the companies included in the comparable transaction analysis. Accordingly, Barclays believed that a purely quantitative comparable transaction analysis would not be particularly meaningful in the context of considering the merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the merger which would affect the acquisition values of the selected target companies and PXP. Based upon these judgments, Barclays comparable transactions analysis yielded an equity value range for PXP of \$39.42 to \$64.38 per

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PXP share, which Barclays noted was in line with the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share to be offered to the PXP's stockholders in the transaction (based on the FCX closing stock price on December 4, 2012).

Analysis of Equity Research Analyst Price Targets

Barclays evaluated the publicly available price targets of PXP and FCX published by independent equity research analysts associated with various Wall Street firms. Barclays used these research analyst price targets to calculate implied equity value per share ranges for each of PXP and FCX. Barclays' analysis of equity research analyst price targets for PXP implied an equity value range for PXP of \$42.00 to \$78.00 per share, which was in line with the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share to be offered to PXP stockholders in the merger (based on FCX's closing stock price on December 4, 2012). Barclays' analysis of equity research analyst price targets for FCX implied an equity value range for FCX of \$40.00 to \$63.00 per FCX share, as compared to FCX's closing stock price of \$38.40 on December 3, 2012.

Table of Contents***Analysis of Equity Research Analyst Net Asset Value Estimates***

Barclays evaluated the publicly available net asset value estimates of FCX published by independent equity research analysts associated with various Wall Street firms. Barclays used these research net asset value estimates, where applicable and available, as a reference point to provide background information and perspective. With respect to FCX, Barclays noted that the range of low and high net asset value estimates of equity research analysts as of December 3, 2012 was \$38.97 to \$73.48 per FCX share and that FCX's closing stock price was \$38.40 per FCX share on December 3, 2012.

Historical Common Stock Trading Analysis

To provide background information and perspective with respect to the historical share prices of PXP common stock and FCX common stock, Barclays reviewed and analyzed the daily historical closing prices of PXP common stock and FCX common stock for the period from December 6, 2010 to December 3, 2012. With respect to PXP, Barclays noted that the range of low and high trading prices of PXP common stock for the 52-week period ended December 3, 2012 was \$30.12 to \$47.13 per PXP share. Barclays noted that the implied value, as of December 4, 2012, of the merger consideration to be offered to PXP stockholders in the transaction was \$50.00 per PXP share (based on the FCX closing stock price on December 4, 2012). With respect to FCX, Barclays noted that the range of low and high trading prices of FCX common stock for the 52-week period ended December 3, 2012 was \$31.08 to \$48.96 per FCX share and that FCX's closing stock price was \$38.40 per FCX share on December 3, 2012.

Premiums Analysis

Barclays reviewed certain publicly available information related to selected corporate transactions to calculate the amount of the premiums paid by the acquirers to the acquired company's stockholders. Barclays analyzed all domestic corporate E&P transactions announced for the period from May 7, 2001 to December 3, 2012 with total transaction values in excess of \$1 billion and with a merger consideration structure which included stock consideration in excess of 40% of the total merger consideration. For each of the precedent transactions analyzed, Barclays calculated the premiums paid by the acquirer by comparing the per share purchase price in each transaction to the historical stock price of the acquired company as of 1-day, 5-days, and 30-days prior to the announcement date as well as based upon the 52-week high prior to the announcement date. Barclays compared the premiums paid in the precedent transactions to the premium levels in the transaction based on closing prices as of December 3, 2012. The table below sets forth the summary results of the analysis:

	Percentage Premium / (Discount) to the Closing Price Prior to Transaction Announcement			
	1-Day	5-Days	30-Days	52-Week High
Selected corporate E&P transactions				
Median	20.9%	20.9%	24.7%	10.1%
Mean	21.4%	21.9%	25.4%	9.0%
High	44.9%	54.6%	68.1%	44.9%
Low	7.8%	1.3%	(5.1%)	(19.4%)
Implied premium based on the merger consideration of \$50.00 per PXP share (As of December 3, 2012 close)	40.4%	43.7%	38.5%	6.1%

Contribution Analysis

Barclays reviewed and analyzed the relative income statement and cash flow contribution of PXP and FCX to the combined company based on 2012, 2013, 2014, 2015 and 2016 estimated financial data based on the PXP Projections and the FCX Projections, respectively. This analysis was performed prior to the pro forma impact of any merger adjustments. Barclays noted that this analysis indicated that PXP will contribute 22.7%, 33.7%, 33.7%,

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32.0% and 31.3% of the combined company's pro forma estimated discretionary cash flow in 2012, 2013, 2014, 2015 and 2016, respectively. In addition, Barclays noted that this analysis indicated that PXP will contribute 5.3%, 13.1%, 14.8%, 15.6% and 14.5% of the combined company's pro forma estimated net income in 2012, 2013, 2014, 2015 and 2016, respectively. Barclays noted that PXP's share of the combined company's total pro forma equity market value assuming PXP equity market value at the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share (based on the FCX closing price on December 4, 2012) and FCX's equity market value based on FCX's closing share price of \$38.40 per FCX share as of December 3, 2012 was 15.5%. Barclays also reviewed and analyzed PXP's contribution of EBITDA to the combined company's pro forma estimated total EBITDA for these same periods. Barclays noted that PXP will contribute 20.6%, 28.8%, 27.6%, 26.3% and 24.1% to the combined company's pro forma estimated EBITDA in 2012, 2013, 2014, 2015 and 2016, respectively. Barclays noted that PXP's share of the combined company's total pro forma enterprise value assuming PXP enterprise value at the implied value, as of December 4, 2012, of the merger consideration of \$50.00 per PXP share (based on FCX's closing stock price on December 4, 2012) and FCX's enterprise value based on FCX's closing share price of \$38.40 per FCX share as of December 3, 2012 was 28.6%. Barclays notes that the primary shortcoming of contribution analysis is that it treats all cash flow and earnings the same regardless of capitalization, expected growth rates, upside potential, risk profile or credit profile.

Pro Forma Merger Consequences Analysis

Barclays reviewed and analyzed the pro forma impact of the transaction on projected EPS and DCFPS for each of 2013, 2014, 2015 and 2016 using (a) the PXP Projections and the FCX Projections (the "Management Case Pro Forma Merger Analysis") and (b) the consensus I/B/E/S Estimates for PXP and FCX for 2013 and 2014 (the "Consensus Case Pro Forma Merger Analysis"), respectively. With respect to the Management Case Pro Forma Merger Analysis, Barclays noted that pro forma EPS would be dilutive to FCX standalone EPS for 2013 and pro forma EPS would be accretive to FCX standalone EPS for each of 2014, 2015 and 2016, respectively. In addition, Barclays noted that pro forma DCFPS would be accretive to FCX standalone DCFPS in each of 2013, 2014, 2015 and 2016, respectively. With respect to the Consensus Case Pro Forma Merger Analysis, Barclays noted that pro forma EPS would be dilutive to FCX standalone EPS in each of 2013 and 2014 and that pro forma DCFPS would be accretive to FCX standalone DCFPS in each of 2013 and 2014.

General

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. PXP's board of directors selected Barclays because of its familiarity with PXP and FCX, and because of Barclays' qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, knowledge of the industries in which PXP and FCX operate, as well as substantial experience in transactions comparable to the proposed transaction.

Barclays is acting as financial advisor to PXP in connection with the proposed transaction. As compensation for its services in connection with the proposed transaction, PXP will pay Barclays a fee of \$28 million upon completion of the proposed transaction (the "success fee"). PXP has paid Barclays, upon delivery of the opinion by Barclays, a fee of \$5 million, which is creditable against the success fee. In addition, PXP has agreed to reimburse Barclays for a portion of its reasonable expenses incurred in connection with the proposed transaction and to indemnify Barclays for certain liabilities that may arise out of its engagement by PXP and the rendering of Barclays' opinion. Barclays has performed various investment banking and financial services for PXP, FCX and their affiliates in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. Specifically, in the past two years, Barclays has performed the following investment banking and financial services for PXP and its affiliates, for which Barclays received customary compensation: (i) in October 2012, Barclays acted as joint bookrunner on PXP's \$3,000 million senior notes offering; (ii) in September 2012, Barclays acted as financial advisor on PXP's \$6,100 million GOM

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Acquisition and Barclays acted as an underwriter in the bank group providing the initial acquisition financing for the GOM Acquisition; (iii) in April 2012, Barclays acted as joint bookrunner on PXP's \$750 million senior notes offering; (iv) in November 2011, Barclays acted as joint bookrunner on PXP's \$1,000 million senior notes offering; (v) in November 2011, Barclays acted as financial advisor on PXP's \$181 million divestiture of properties in South Texas; (vi) in November 2011, Barclays acted as financial advisor on PXP's \$600 million divestiture of properties in the Texas Panhandle; (vii) in October 2011, Barclays acted as financial advisor on PXP's \$450 million divestiture of a 20% equity interest in POI, which had been established as a wholly owned subsidiary of PXP to hold all PXP's then-held interests in the Gulf of Mexico; (viii) in March 2011, Barclays acted as joint bookrunner on PXP's \$600 million senior notes offering; (ix) in December 2010, Barclays acted as financial advisor on PXP's \$818 million divestiture of properties in the Gulf of Mexico to McMoRan Exploration; (x) Barclays is currently a lender under PXP's revolving credit facility; (xi) Barclays is currently a lender under POI's revolving credit facility and (xi) Barclays has served and continues to serve as a counterparty to PXP on certain commodity hedging and trading transactions. In the past two years, Barclays has received aggregate fees of approximately \$27.5 million from PXP and its affiliates in connection with the above-referenced investment banking and financial services, which excludes any fees paid to or expected to be paid to Barclays in respect of the proposed transaction. In addition, Barclays has served and continues to serve as a counterparty to FCX on certain commodity hedging and trading transactions and foreign currency derivative transactions, for which Barclays has received customary compensation.

Barclays and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of PXP and FCX and their respective affiliates for Barclays' own account and for the accounts of Barclays' customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

The opinion, the issuance of which was approved by the Barclays Valuation and Fairness Opinion Committee, is addressed to the PXP board of directors, addresses only the fairness, from a financial point of view, of the consideration to be offered to the stockholders of PXP and does not constitute a recommendation to any stockholder of PXP as to what form of consideration such stockholder should elect or how such stockholder should vote or act with respect to any other matter relating to the proposed transaction or any other matter.

Certain Unaudited Financial Forecasts Prepared by the Management of PXP

In connection with the proposed merger, PXP's management prepared forecasts that included expected future financial and operating performance. These forecasts were based on projections used for regular internal planning purposes and are referred to as the PXP financial forecasts.

The PXP financial forecasts were necessarily based on a variety of assumptions and estimates. The assumptions and estimates underlying the PXP financial forecasts may not be realized and are inherently subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond FCX's and PXP's control. The assumptions and estimates used to create the PXP financial forecasts involve judgments made with respect to, among other things, growth of revenue and production, industry activity in the oil and gas sector, future supply, demand and prices of commodities including crude oil and natural gas, general domestic and foreign economic, regulatory and political conditions, levels of operating expenses and matters specific to the business of PXP, all of which are difficult to predict and many of which are outside of FCX's and PXP's control. The PXP financial forecasts also reflect assumptions as to certain business decisions that are subject to change and that do not reflect any of the effects of the merger, or any other changes that may in the future affect PXP or its assets, businesses, operations, properties, policies, corporate structures, capitalization and management as a result of the merger or otherwise.

The inclusion of the PXP financial forecasts in this proxy statement/prospectus should not be regarded as an indication that FCX, PXP or any of their respective advisors or representatives considered or consider the PXP

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financial forecasts to be an accurate prediction of future events, and the PXP financial forecasts should not be relied upon as such. None of FCX, PXP or their respective advisors or representatives has made or makes any representation regarding the information contained in the PXP financial forecasts, and, except as may be required by applicable securities laws, none of them intends to update or otherwise revise or reconcile the PXP financial forecasts to reflect circumstances existing after the date such PXP financial forecasts were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the PXP financial forecasts are shown to be in error.

PXP's stockholders are cautioned not to place undue reliance on the PXP financial forecasts included in this proxy statement/prospectus, and such projected financial information should not be regarded as an indication that FCX, the FCX board of directors, the FCX special committee, PXP, the PXP board of directors or any other person considered, or now considers, them to be reliable predictions of future results, and they should not be relied upon as such.

Although presented with numerical specificity, the PXP financial forecasts are not fact and reflect numerous assumptions, estimates and judgments as to future events and the probability of such events made by PXP's management, including the assumptions, estimates and judgments noted below. Since the PXP financial forecasts cover multiple years, such information by its nature becomes less predictive with each successive year. There can be no assurance that the assumptions, estimates and judgments used to prepare the PXP financial forecasts will prove to be accurate, and actual results may differ materially from those contained in the PXP financial forecasts. The inclusion of the PXP financial forecasts in this proxy statement/prospectus should not be regarded as an indication that such PXP financial forecasts will be predictive of actual future results, and the PXP financial forecasts should not be relied upon as such. The PXP financial forecasts are forward-looking statements. Please see Cautionary Statement Regarding Forward-Looking Statements.

The PXP financial forecasts included in this proxy statement/prospectus have been prepared by, and are the responsibility of, PXP's management. Neither Ernst & Young LLP, FCX's independent registered public accounting firm, PricewaterhouseCoopers LLP, PXP's independent registered public accounting firm, nor any other independent accountants has examined, compiled or performed any procedures with respect to the financial forecasts and, accordingly, neither Ernst & Young LLP nor PricewaterhouseCoopers LLP expresses an opinion or any other form of assurance with respect thereto. The reports of Ernst & Young LLP and of PricewaterhouseCoopers LLP incorporated by reference in this proxy statement/prospectus relate to FCX's and PXP's historical financial information, respectively. The foregoing reports do not extend to the PXP financial forecasts and should not be read to do so.

In addition to being used by the PXP board of directors in connection with its deliberations regarding FCX's proposed merger consideration, the PXP financial forecasts were also provided to FCX and Barclays. The PXP financial forecasts were prepared for use only by the PXP board of directors, PXP, FCX and Barclays, and do not, and were not intended to, act as public guidance regarding PXP's future financial performance. Summaries of the material projected financial information that was included in the PXP financial forecasts are set forth below.

PXP's financial forecasts were prepared utilizing the following annual average commodity reference prices for crude oil and natural gas:

	2013E	2014E	2015E	2016E
Brent Oil Price (\$/bbl)	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00
NYMEX Gas Price (\$/mcf)	\$ 3.00	\$ 4.00	\$ 5.00	\$ 5.00

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The PXP financial forecasts were based on PXP's estimated annual crude oil, natural gas liquids, and natural gas sales volumes as follows (liquid volumes expressed in thousand barrels; natural gas volumes expressed in million standard cubic feet):

	2013E	2014E	2015E	2016E
Oil Sales (MBbl)	40,668	44,906	50,940	53,676
NGL Sales (MB)	3,184	3,281	3,505	3,793
Gas Sales (Mmcft)	77,141	72,036	80,794	97,324

The summarized financial information below represents PXP's estimated annual results for 2013, 2014, 2015, and 2016 based on the above referenced assumptions (figures expressed in millions of dollars):

	2013E	2014E	2015E	2016E
EBITDA ⁽¹⁾	\$ 3,495	\$ 3,818	\$ 4,460	\$ 4,803
Discretionary Cash Flow ⁽²⁾	\$ 2,876	\$ 3,235	\$ 3,801	\$ 4,022
Net Income	\$ 527	\$ 745	\$ 1,017	\$ 1,118

- (1) EBITDA is not a financial measure prepared in accordance with GAAP and should not be considered as a substitute for net income (loss) or cash flow from operating activities prepared in accordance with GAAP. EBITDA represents discretionary cash flow adjusted for interest and taxes.
- (2) Discretionary cash flow is not a financial measure prepared in accordance with GAAP and should not be considered as a substitute for cash flow from operating activities prepared in accordance with GAAP. Discretionary cash flow represents cash flow from operating activities adjusted for changes in working capital, reclassified derivative settlements, capitalized interest expense, cash debt extinguishment costs, non-cash production costs, and other amortization costs.

The PXP financial forecasts should be read together with the historical financial statements of PXP, which have been filed with the SEC, and the other information regarding PXP contained elsewhere in this proxy statement/prospectus. None of the PXP financial forecasts were prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

Certain Unaudited Financial Information Prepared by the Management of FCX

FCX does not as a matter of course make public forecasts on projected financial performance because of the unpredictability of the underlying assumptions and estimates. At the request of the FCX special committee, FCX provided model information on potential future financial performance under a range of assumptions to the FCX special committee, Barclays and PXP, which are referred to herein as the FCX models.

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The FCX models included the following:

	2012E	2013E	2014E	2015E	2016E
Price Assumptions*					
Copper (\$/lb)	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
Gold (\$/oz)	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Molybdenum (\$/lb)	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
Sales Volumes					
Copper (billion lbs)	3.6	4.4	4.5	5.3	5.8
Gold (million ozs)	1.0	1.4	1.9	1.8	3.0
Molybdenum (million lbs)	82	92	100	105	114
Model Results (\$ billions)					
Net Revenues	\$ 17.9	\$ 20.4	\$ 21.1	\$ 24.0	\$ 26.5
EBITDA	\$ 6.8	\$ 8.5	\$ 9.9	\$ 12.4	\$ 14.9
Capital Expenditures	\$ 3.7	\$ 4.5	\$ 4.3	\$ 3.0	\$ 1.2

* 2012E includes actual results for 1Q12 - 3Q12 with prices as noted for 4Q12E.

The FCX models were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts or GAAP. Neither Ernst & Young LLP, FCX's independent registered public accounting firm, PricewaterhouseCoopers LLP, PXP's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the FCX models contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the FCX models. The summary of the FCX models is being included in this proxy statement/prospectus not to influence your decision whether to vote for the merger proposal, but because the FCX models were made available to the FCX special committee, the PXP board of directors and the respective financial advisors to the FCX special committee and the PXP board of directors in connection with the merger.

While presented herein with numeric specificity, the information set forth in the summary of the FCX models contained herein were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of FCX's management. In addition, since the FCX models cover multiple years, such information by its nature becomes less predictive with each successive year. FCX believes the assumptions in the FCX models were reasonable at the time the FCX models were prepared, given the information FCX had at the time. However, important factors that may affect actual results and cause the results reflected in the FCX models not to be achieved include, but are not limited to, risks and uncertainties relating to FCX's business, industry performance, the regulatory environment, general business and economic conditions and other matters described under the section entitled Cautionary Statement Regarding Forward-Looking Statements. The FCX models also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from the results reflected in the FCX models. Accordingly, there can be no assurance that the results reflected in the FCX models will be realized.

The inclusion of the FCX models in this proxy statement/prospectus should not be regarded as an indication that any of FCX, PXP or any of their respective affiliates, advisors, officers, directors, partners or representatives considered the FCX models to be material or predictive of actual future events, and the FCX models should not be relied upon as such. None of FCX, PXP or any of their respective affiliates, advisors, officers, directors, partners or representatives can give you any assurance that actual results will not differ from the results reflected in the FCX models, and none undertakes any obligation to update or otherwise revise or reconcile the FCX models to reflect circumstances existing after the date the FCX models were generated or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the FCX models are shown.

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to be in error. FCX does not intend to make publicly available any update or other revision to the FCX models. FCX has made publicly available its actual results of operations for the fiscal year ended December 31, 2011, and for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, and you should review carefully FCX's Annual Report on Form 10-K and Quarterly Reports on Form 10-Qs for such periods. None of FCX or its affiliates, advisors, officers, directors, partners or representatives has made or makes any representation to any stockholder or other person regarding FCX's ultimate performance compared to the information contained in the FCX models or that model results will be achieved. FCX has made no representation to MMR, in the merger agreement or otherwise, concerning the FCX models.

FCX does not intend to update or otherwise revise the FCX models to reflect circumstances existing after the date when the FCX models were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the FCX models are no longer appropriate.

Board of Directors and Management of FCX Following Completion of the Merger

Upon completion of the merger, the current directors and officers of FCX are expected to continue in their current positions, except Messrs. Adkerson and Flores will each assume the role of Vice-Chairman of FCX, Mr. Flores will become Chief Executive Officer of the oil and gas business of FCX, and Messrs. Bourgeois, Talbert and Wombwell each will become Executive Vice President of the oil and gas business of FCX. Information about the current FCX directors and executive officers can be found in FCX's proxy statement dated April 27, 2012, which is incorporated by reference in this document. See [Where You Can Find More Information](#). Additionally, the Chief Executive Officer of PXP and two other current members of the PXP board of directors who are mutually acceptable to PXP and FCX will join the FCX board of directors as of the completion of the merger.

Public Trading Markets

FCX common stock is quoted on the NYSE under the symbol [FCX](#). PXP common stock is quoted on the NYSE under the symbol [PXP](#). Upon completion of the merger, PXP common stock will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended (the [Exchange Act](#)). The FCX common stock issuable in the merger will be listed on the NYSE.

The shares of FCX common stock to be issued in connection with the merger will be freely transferable under the Securities Act of 1933, as amended (the [Securities Act](#)).

Appraisal Rights

Holders of PXP common stock who do not vote for the adoption of the merger agreement and who otherwise comply with the applicable statutory procedures of Section 262 of the DGCL will have the right to obtain an appraisal of the value of their shares of PXP common stock in connection with the merger. This means that stockholders are entitled to obtain a judicial determination of the fair value of their PXP shares (exclusive of any element of value arising from the accomplishment or expectation of the merger) determined by the Court of Chancery of the State of Delaware (the [Court of Chancery](#)) and entitled to receive payment based upon that valuation, together with a fair rate of interest, in lieu of any consideration to be received under the merger agreement.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures required to be followed by a stockholder in order to perfect appraisal rights. This summary, however, is not a complete statement of law pertaining to appraisal rights under Delaware law and is qualified in its entirety by the full text of Section 262 of the DGCL, which is attached hereto as Annex C. The preservation and exercise of appraisal right requires strict and timely adherence to the applicable provisions of the DGCL. Failure to follow the requirements of Section 262 of the DGCL for perfecting appraisal rights may result in the loss of such rights. All references in this summary to a stockholder are to the record holder of PXP common stock on the record date for the special meeting unless otherwise indicated.

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If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 of the DGCL contained in Annex C hereto carefully and should consult your legal advisor since failure to timely and properly comply with the requirements of Section 262 of the DGCL will result in the loss of your appraisal rights under the DGCL. All demands for appraisal must be received prior to the vote on the merger agreement and should be addressed to PXP, 700 Milam, Suite 3100, Houston, Texas 77002, Attention: Secretary, and should be executed by, or on behalf of, the record holder of the shares of PXP common stock. Holders of PXP common stock who desire to exercise their appraisal rights must not vote in favor of adoption of the merger agreement and must continuously hold their shares of PXP common stock through the effective date of the merger.

Under Section 262 of the DGCL, where a merger agreement relating to a proposed merger is to be submitted for adoption at a meeting of stockholders, as in the case of the special meeting, the corporation, not less than 20 days prior to such meeting, must notify each of its stockholders who was a stockholder on the record date for notice of such meeting with respect to shares for which appraisal rights are available, that appraisal rights are so available, and must include in each such notice a copy of Section 262 of the DGCL. This document constitutes such notice to the holders of PXP common stock and Section 262 of the DGCL is attached to this proxy statement/prospectus as Annex C.

If you wish to exercise appraisal rights you must not vote for the adoption of the merger agreement and must deliver to PXP, before the vote on the proposal to adopt the merger agreement, a written demand for appraisal of your shares of PXP common stock. If you sign and return a proxy card that does not contain voting instructions or submit a proxy by telephone or through the Internet that does not contain voting instructions, you will effectively waive your appraisal rights because such shares represented by the proxy will, unless the proxy is revoked, be voted for the adoption of the merger agreement. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must submit a proxy containing instructions to vote against the adoption of the merger agreement or abstain from voting on the adoption of the merger agreement. However, neither voting against the adoption of the merger agreement, nor abstaining from voting or failing to vote on the proposal to adopt the merger agreement, will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262 of the DGCL.

A demand for appraisal will be sufficient if it reasonably informs PXP of the identity of the stockholder and that such stockholder intends thereby to demand appraisal of such stockholder's shares of common stock. This written demand for appraisal must be separate from any proxy or vote abstaining from or voting against the adoption of the merger agreement. If you wish to exercise appraisal rights, you must be the record holder of such shares of PXP common stock on the date the written demand for appraisal is made and you must continue to hold such shares of record through the effective date of the merger. Accordingly, a stockholder who is the record holder of shares of common stock on the date the written demand for appraisal is made, but who thereafter transfers such shares prior to the effective date of the merger, will lose any right to appraisal in respect of such shares.

Only a holder of record of shares of PXP common stock on the record date for the special meeting is entitled to assert appraisal rights for such shares of common stock registered in that holder's name. To be effective, a demand for appraisal by a stockholder must be made by, or on behalf of, such stockholder of record. The demand should set forth, fully and correctly, the stockholder's name as it appears, with respect to shares evidenced by certificates, on his or her stock certificate, or, with respect to book-entry shares, on the stock ledger. Beneficial owners who do not also hold their PXP shares of record may not directly make appraisal demands to PXP. The beneficial holder must, in such cases, have the owner of record, such as a broker, bank or other nominee, submit the required demand in respect of those shares of PXP common stock. If shares of PXP common stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made by or for the fiduciary; and if the shares of PXP common stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A

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record owner, such as a broker, who holds shares of PXP common stock as a nominee for others, may exercise his or her right of appraisal with respect to the shares of PXP common stock held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares of PXP common stock as to which appraisal is sought. Where no number of shares of PXP common stock is expressly mentioned, the demand will be presumed to cover all shares of PXP common stock held in the name of the record owner.

If you hold your shares of PXP common stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

If a stockholder who demands appraisal under Delaware law withdraws its demand for appraisal or fails to perfect or otherwise loses its right of appraisal, in any case pursuant to the DGCL, each share of PXP common stock held by such stockholder will be deemed to be non-election shares for purposes of the merger agreement, unless such stockholder thereafter makes a timely election. If any stockholder who demands appraisal under Delaware law withdraws its demand for appraisal or fails to perfect or otherwise loses its right of appraisal after the election deadline, each share of PXP common stock held by such stockholder will be deemed to have been converted into and to have become, as of the effective time of the merger, the right to receive stock consideration or cash consideration, or a combination thereof, as determined by FCX in its sole discretion. A stockholder may withdraw his or her demand for appraisal and agree to accept the merger consideration by delivering to us a written withdrawal of his or her demand for appraisal and acceptance of the merger consideration within 60 days after the effective date of the merger (or thereafter with the consent of the surviving entity). Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery will be dismissed as to any stockholder without the approval of the Court of Chancery, and such approval may be conditioned upon such terms as the Court deems just; provided, however, that any stockholder who has not commenced an appraisal action or joined that proceeding as a named party may withdraw his or her demand for appraisal and agree to accept the merger consideration offered within 60 days after the effective date.

Within 10 days after the effective date, the surviving entity will notify each stockholder who properly asserted appraisal rights under Section 262 of the DGCL and has not voted for the adoption of the merger agreement of the effective date of the merger. Within 120 days after the effective date, but not thereafter, either the surviving entity, or any stockholder who has complied with the requirements of Section 262 of the DGCL and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the fair value of the shares of PXP common stock held by all stockholders entitled to appraisal. A person who is the beneficial owner of shares of PXP common stock held in a voting trust or by a nominee on behalf of such person may, in such person's own name, file the petition described in the previous sentence. Upon the filing of the petition by a stockholder, service of a copy of such petition shall be made upon the surviving entity. The surviving entity of the merger does not have an obligation to file such a petition in the event there are dissenting stockholders. Accordingly, the failure of a stockholder to file such a petition within the period specified could nullify the stockholder's previously written demand for appraisal. FCX has no present intent to cause an appraisal petition to be filed, and stockholders seeking to exercise appraisal rights should not assume that the surviving entity will file such a petition or that it will initiate any negotiations with respect to the fair value of such shares of PXP common stock. Accordingly, stockholders who desire to have their shares of PXP common stock appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

The costs of the appraisal action may be determined by the Court of Chancery and made payable by the parties as the Court deems equitable. The Court also may order that all or a portion of the expenses incurred by any stockholder in connection with an appraisal, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all of the shares entitled to appraisal.

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If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to the surviving entity of the merger, such surviving entity will then be obligated, within 20 days after receiving service of a copy of the petition, to provide the Court of Chancery with a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares of PXP common stock and with whom agreements as to the value of their shares of PXP common stock have not been reached by the surviving entity. After notice to dissenting stockholders who demanded appraisal of their shares of PXP common stock, the Court of Chancery is empowered to conduct a hearing upon the petition, and to determine those stockholders who have complied with Section 262 of the DGCL and who have become entitled to the appraisal rights provided thereby. The Court of Chancery may require the stockholders who have demanded appraisal for their shares of PXP common stock to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with that direction, the Court of Chancery may dismiss the proceedings as to that stockholder.

Within 120 days after the effective date, any stockholder (including any beneficial owner of shares entitled to appraisal rights) that has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving entity a statement setting forth the aggregate number of shares of PXP common stock not voted in favor of adoption of the merger agreement and with respect to which demands for appraisal have been timely received and the aggregate number of holders of those shares. These statements must be mailed to the stockholder within 10 days after a written request by such stockholder for the information has been received by the surviving entity, or within 10 days after expiration of the period for delivery of demands for appraisal under Section 262 of the DGCL, whichever is later.

After determination of the stockholders entitled to appraisal of their shares of PXP common stock, the Court of Chancery will appraise the shares of PXP common stock, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any. Unless the Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. When the value is determined, the Court of Chancery will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding, if the Court of Chancery so determines, to the stockholders entitled to receive the same, upon surrender by such stockholders of their certificates and book-entry shares.

In determining the fair value of the shares of PXP common stock, the Court of Chancery is required to take into account all relevant factors. Accordingly, such determination could be based upon considerations other than, or in addition to, the market value of the shares of PXP common stock, including, among other things, asset values and earning capacity. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court stated, among other things, that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered in an appraisal proceeding. The surviving entity of the merger may argue in an appraisal proceeding that, for purposes of such a proceeding, the fair value of the shares of PXP common stock is less than the merger consideration. Therefore, the value so determined in any appraisal proceeding could be the same as, or more or less than, the merger consideration.

Section 262 of the DGCL provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 of the DGCL to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. In view of the complexity of Section 262 of the DGCL, stockholders who may wish to pursue appraisal rights should consult their legal advisors.

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Any stockholder who has duly demanded and perfected an appraisal in compliance with Section 262 of the DGCL will not, after the effective date of the merger, be entitled to vote his or her shares for any purpose or be entitled to the payment of dividends or other distributions thereon, except dividends or other distributions payable to holders of record of shares of PXP common stock as of a date prior to the effective date of the merger.

If you desire to exercise your appraisal rights, you must not vote for the adoption of the merger agreement and you must strictly comply with the procedures set forth in Section 262 of the DGCL. Failure to take any required step in connection with the exercise of appraisal rights will result in the termination or waiver of such rights.

Regulatory Approvals Required for the Merger

FCX and PXP have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include clearance under the HSR Act as well as approval from various other regulatory authorities, and for Merger Sub to obtain the necessary qualifications required by the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement to hold or operate oil and gas interests in the Gulf of Mexico. FCX and PXP have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals.

Antitrust Considerations. The HSR Act, and the rules and regulations thereunder, provide that the transaction may not be completed until pre-merger notification filings have been made with the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") and the applicable waiting period has expired or is terminated. Even after the waiting period expires or is terminated, the Antitrust Division and the FTC retain the authority to challenge the transaction on antitrust grounds before or after the transaction is completed. Each of FCX and PXP filed a notification and report form for the transaction with the FTC and the Antitrust Division on December 14, 2012. On December 26, 2012, the FTC granted early termination of the waiting period with respect to the merger.

Timing. We cannot assure you that all of the regulatory approvals described above will be obtained, and, if obtained, we cannot assure you as to the date of any approvals or the absence of any litigation challenging such approvals. Likewise, we cannot assure you that the Antitrust Division, the FTC or any state attorney general will not attempt to challenge the merger on antitrust grounds, and, if such a challenge is made, we cannot assure you as to its result.

FCX and PXP are not aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

PXP's Directors and Officers Have Financial Interests in the Merger

Certain members of the board of directors and executive officers of PXP may be deemed to have interests in the merger that are in addition to, or different from, the interests of other PXP stockholders. The PXP board of directors was aware of these interests and considered them, among other matters, in approving the merger and the merger agreement and in making the recommendations that the PXP stockholders adopt the merger agreement. For purposes of all PXP agreements and plans described below, the completion of the transactions contemplated by the merger agreement will constitute a change of control, change in control or term of similar meaning.

These interests are described in further detail below, and certain of them are quantified in the tables that follow the narrative below and under the heading "Merger-Related Compensation for PXP Named Executive Officers."

For further information with respect to the compensatory arrangements between PXP and its executive officers and directors, please see PXP's proxy statement filed with the SEC on April 13, 2012 under the headings "Executive Compensation" and "Director Compensation."

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Board of Directors and Executive Officers of the Combined Company

The merger agreement provides that Mr. Flores and two members of PXP's board of directors as mutually agreed upon by FCX and PXP will become members of the FCX board of directors. In addition, Mr. Flores will serve as the Vice-Chairman of FCX and Chief Executive Officer of the oil and gas business of FCX pursuant to the terms of his letter agreement with PXP and FCX, dated December 5, 2012 (together with the letter agreements entered into by each of Messrs. Bourgeois, Talbert and Wombwell with PXP and FCX on December 5, 2012, the "Letter Agreements"), as described in further detail below.

The letter agreement with Mr. Flores provides that, following the completion of the merger and during his employment with FCX, Mr. Flores will receive an annual base salary that is no less than the annual base salary applicable to each of the current Chairman of the Board of FCX and the current President and Chief Executive Officer of FCX (the "peer executives"), as in effect from time to time (currently \$2.5 million). Mr. Flores will also be eligible for an annual incentive award based on an annual target incentive opportunity that is the same as the annual target incentive opportunity applicable to the peer executives as determined by FCX's compensation committee. In addition, Mr. Flores will be eligible to participate in all incentive compensation, savings, health and welfare benefit and other benefit plans and arrangements and any retirement plan or arrangement adopted in the future (excluding the current supplemental executive retirement plan in which the peer executives participate), in each case applicable to the peer executives, as in effect from time to time.

The letter agreements with each of Messrs. Bourgeois, Talbert and Wombwell provide that, following the completion of the merger, each will have an annual base salary of no less than \$750,000, will be eligible for an annual incentive award as determined by FCX's compensation committee, and will participate in incentive compensation, savings, health and welfare benefit and other benefit plans and arrangements that are applicable to similarly situated executives of FCX.

Treatment of PXP Restricted Stock Units

The merger agreement provides that each Stock-Settled PXP RSU, including each PXP RSU that will become issuable or creditable in connection with the consummation of the merger pursuant to any employment agreement, restricted stock unit agreement or other written agreement, taking into account any termination of deferral arrangements with respect thereto after the date of the merger agreement but prior to the effective time of the merger, will become fully vested and be converted into the right to receive, at the election of the holder, cash consideration or stock consideration to be paid or provided at the time contemplated by the original award agreement, except for certain PXP RSUs held by each of Messrs. Bourgeois, Talbert and Wombwell that will convert into stock consideration (with right to elect up to 25 percent as cash consideration), and certain PXP RSUs held by Mr. Flores that will automatically convert into stock consideration, in each case pursuant to the terms of the executive's respective Letter Agreement as described below. Each Cash-Settled PXP RSU will become fully vested in accordance with the terms of the applicable award agreement and be converted into the right to receive cash consideration, payable at such time as the cash per-share consideration is payable generally to PXP stockholders who elect to receive cash consideration. For more information, please see the discussion under the caption "Summary of PXP Equity Awards to Be Accelerated Upon Completion of the Merger" below and the discussion under the caption "The Merger Agreement Treatment of PXP Equity-Based Awards."

The terms of the merger agreement, including the respective Letter Agreement as described below, the terms of the applicable restricted stock unit agreement, employment agreement or other agreement evidencing the PXP RSUs granted to each of Messrs. Flores, Bourgeois, Talbert and Wombwell provide that all outstanding PXP RSUs will automatically become fully vested upon a "change in control" of PXP (as defined under the terms thereof). Payment of the PXP RSUs held by each of Messrs. Flores, Bourgeois, Talbert and Wombwell will be made in accordance with the terms of the merger agreement, and to the extent applicable, taking into account any termination of deferral arrangements with respect thereto after the date of the merger agreement but prior to the effective time of the merger and the terms of the respective Letter Agreement, restricted stock unit agreement, employment agreement or other agreement evidencing the grant thereof. With respect to each of

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Messrs. Flores and Wombwell, if their deferral arrangements are not terminated and paid by PXP in connection with the merger, generally, payment of PXP RSUs under their long-term retention and deferral arrangements is deferred until 2015 and payment of certain other PXP RSUs granted to Mr. Flores is deferred until 2015 or later, subject to earlier payment in certain cases in which the executive's employment is terminated.

Each of Messrs. Flores, Bourgeois, Talbert and Wombwell were granted certain cash-settled restricted stock units in February 2012. Pursuant to the terms of the applicable restricted stock unit agreements, these restricted stock units will vest in three annual increments, beginning March 31, 2013, according to PXP's relative total shareholder return during a corresponding performance period. Depending on relative total shareholder return, the number of restricted stock units that may vest can range from 0% to 150% of the target award (the Multiple of Target Amount). The first performance period began on January 1, 2012, and ended on December 31, 2012, and resulted in a Multiple of Target Amount of 146%. The remaining two performance periods began on January 1, 2012, and will end on December 31 of 2013 and 2014, respectively. As a result of the merger, the unvested restricted stock units will immediately vest in an amount based on PXP's relative total shareholder return determined from January 1, 2012, through the date of the merger, and will be treated as Cash-Settled PXP RSUs pursuant to the merger agreement.

Pursuant to Mr. Flores' Letter Agreement, Mr. Flores has agreed to take 100% stock consideration in settlement of certain Stock-Settled PXP RSUs that are subject to accelerated vesting as a result of the merger. Pursuant to the Letter Agreements with each of Messrs. Bourgeois, Talbert and Wombwell, each executive has agreed to take no less than 75% stock consideration in settlement of certain Stock-Settled PXP RSUs that are subject to accelerated vesting as a result of the merger, with the remainder converted into the right to receive cash consideration. Pursuant to the Letter Agreements, shares of FCX common stock delivered to each of Messrs. Flores, Bourgeois, Talbert and Wombwell in settlement of certain accelerated Stock-Settled PXP RSUs will be subject to a holding requirement from the closing date of the merger through the third anniversary thereof, subject to certain permitted transfers. The holding requirement will immediately terminate upon the occurrence of a change of control of FCX or a termination of the executive's employment with FCX either by FCX without cause or by the executive for good reason (each as defined in the respective Letter Agreement) or due to the executive's death or disability.

The terms of the applicable restricted stock unit agreement evidencing the Stock-Settled PXP RSUs granted to the directors of PXP provide that such PXP RSUs, to the extent vested as of the date of the director's separation from service, will be settled no later than 60 days after the date of the director's separation from service as a member of the PXP board of directors. In accordance with the terms of the merger agreement, the Stock-Settled PXP RSUs will become fully vested and be converted into the right to receive, at the election of the director, the cash consideration or the stock consideration to be paid or provided at the time contemplated by the original award agreement. Payment of the Stock-Settled PXP RSUs held by the directors of PXP will be made pursuant to the terms of the merger agreement. As of January 31, 2013, none of the directors of PXP held any Cash-Settled PXP RSUs.

The extent to which each of Messrs. Bourgeois, Talbert and Wombwell and the directors of PXP may elect to receive stock consideration or cash consideration with respect to their Stock-Settled PXP RSUs, pursuant to the terms of the merger agreement (or the Letter Agreement for each executive) will not be known until prior to the closing of the merger. Mr. Flores has agreed to take 100% stock consideration in settlement of certain Stock-Settled PXP RSUs that are subject to accelerated vesting as a result of the merger pursuant to the terms of his Letter Agreement.

Treatment of PXP Restricted Stock

The merger agreement provides that, consistent with the terms of the applicable original award agreements, each share of PXP Restricted Stock will become fully vested, be deemed to constitute fully vested shares of PXP common stock, and be converted into the right to receive, at the election of the holder, the cash consideration or the stock consideration pursuant to the terms of the merger agreement. For more information, please see the discussion

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under the caption Summary of PXP Equity Awards to Be Accelerated Upon Completion of the Merger below and the discussion under the caption The Merger Agreement Treatment of PXP Equity-Based Awards.

Summary of PXP Equity Awards to Be Accelerated Upon Completion of the Merger

The following table sets forth the number and value of PXP RSUs and PXP Restricted Stock held by each of PXP's executive officers and directors that would be subject to accelerated vesting upon the consummation of the merger, including any gross-up payment for excise tax imposed by Section 4999 of the Internal Revenue Code in connection with such accelerated vesting (assuming for purposes of this table that the merger is consummated on April 1, 2013 and that each of the executive officers remains employed by FCX following the merger, as anticipated). As of January 31, 2013, none of the executive officers of PXP held any PXP Restricted Stock.

*PXP Equity Awards to Be**Accelerated Upon Completion of the Merger*

Name	Number of Restricted Stock Units ⁽¹⁾	Number of Shares of Restricted Stock	Aggregate Value ⁽²⁾	Tax Gross-Up Payment
James C. Flores	2,717,250 ⁽³⁾	0	\$ 120,999,143	\$ 26,498,474 ⁽⁴⁾
Doss R. Bourgeois	258,625	0	\$ 11,516,571	\$ 0 ⁽⁴⁾
Winston M. Talbert	258,625	0	\$ 11,516,571	\$ 0 ⁽⁴⁾
John F. Wombwell	489,625 ⁽⁵⁾	0	\$ 21,803,001	\$ 0 ⁽⁴⁾
Isaac Arnold, Jr.	0	10,000	\$ 445,300	
Alan R. Buckwalter, III	0	10,000	\$ 445,300	
Jerry L. Dees	10,000	0	\$ 445,300	
Tom H. Delimitros	0	10,000	\$ 445,300	
Thomas A. Fry, III	10,000	0	\$ 445,300	
Charles G. Groat	0	10,000	\$ 445,300	
John H. Lollar	10,000	0	\$ 445,300	

- 1) The Number of Restricted Stock Units for each of Messrs. Flores, Bourgeois, Talbert and Wombwell includes the number of Cash-Settled PXP RSUs that would be received assuming that the Multiple of Target Amount (as defined under the applicable restricted stock unit agreement) is equal to the maximum value of 150%, taking into account the inherent uncertainty in predicting PXP's future relative total shareholder return. The actual Multiple of Target Amount depends on PXP's relative total shareholder return from January 1, 2012 through the date of the merger, and may be lower than 150%. For the performance period beginning on January 1, 2012 and ending on December 31, 2012, the actual Multiple of Target Amount was 146%.
- 2) The Aggregate Value is calculated by multiplying the number of PXP RSUs or the number of shares of PXP Restricted Stock, as applicable, that would be accelerated by \$44.53, which equals the average closing price of PXP common stock over the first five business days following December 5, 2012 (the date of the first public announcement of the merger).
- 3) For Mr. Flores, this amount includes 1,317,250 PXP RSUs that would be automatically vested and 1,400,000 PXP RSUs that would be granted and vested automatically pursuant to Mr. Flores's long-term retention and deferral arrangements.
- 4) The amount represents the payment that each of Messrs. Flores, Bourgeois, Talbert and Wombwell is expected to receive from PXP pursuant to the terms of the executive's employment agreement with PXP for excise taxes imposed by Section 4999 of the Internal Revenue Code and the related excise tax gross-up in connection with the accelerated vesting of the restricted stock units upon the consummation of the merger, as this may be considered an excess parachute payment under Section 280G of the Internal Revenue Code. For additional information with respect to such excise tax gross-up payment, see the narrative below under the heading Employment Agreements and Letter Agreements.
- 5) For Mr. Wombwell, this amount includes 423,625 PXP RSUs that would be automatically vested and 66,000 PXP RSUs that would be granted and vested automatically pursuant to Mr. Wombwell's long-term retention and deferral arrangements.

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PXP Interim Awards

The merger agreement provides that each compensatory equity award granted or issued by PXP after the date of the merger agreement and prior to the effective time of the merger will be converted into the same type of award covering shares of FCX common stock pursuant to the formula set forth in the merger agreement, provided, that such award will not include any vesting or acceleration of benefits in connection with the merger or a termination of employment thereafter, except for accelerated vesting upon a termination of the grantee's employment due to death or disability. Notwithstanding the foregoing, each of Messrs. Flores, Bourgeois, Talbert and Wombwell will retain their rights to accelerated vesting of unvested equity awards upon certain qualifying terminations of employment pursuant to the terms of their respective employment agreements with PXP (as modified by their respective Letter Agreement) as in effect on the date of the merger agreement. For more information, please see the discussion under the caption "The Merger Agreement Treatment of PXP Equity-Based Awards."

Employment Agreements and Letter Agreements

PXP has previously entered into employment agreements with each of Messrs. Flores, Bourgeois, Talbert and Wombwell that provide for severance payments and benefits upon certain terminations of employment. On December 5, 2012, each of Messrs. Flores, Bourgeois, Talbert and Wombwell entered into a Letter Agreement with PXP and FCX which generally provides that FCX will assume the current employment agreement between the executive and PXP, subject to the amendment and the executive's waiver of certain provisions thereof and such other terms and conditions set forth in the Letter Agreement. Except as provided in the applicable Letter Agreement, the terms of the current employment agreement between PXP and each of Messrs. Flores, Bourgeois, Talbert and Wombwell otherwise remain unchanged. See the section entitled "Merger-Related Compensation for PXP Named Executive Officers" below for further information with respect to these agreements.

Employment Agreement with Mr. Flores

Mr. Flores serves as the Chairman of the Board, President and Chief Executive Officer of PXP pursuant to an employment agreement effective as of June 9, 2004, as amended on March 12, 2008 and as amended by the Restricted Stock Unit Agreement effective as of November 4, 2010. Pursuant to the terms of Mr. Flores's employment agreement (without taking into account the terms and waivers set forth in Mr. Flores's Letter Agreement described below):

If Mr. Flores's employment is terminated by PXP without cause, by Mr. Flores's death or disability, or by Mr. Flores for good reason (each as defined in the employment agreement), PXP would pay him a lump sum amount equal to three times the sum of his base salary and target annual bonus. Also, Mr. Flores and his dependents would be entitled to continued health insurance benefits for a period of three years after the date of termination, subject to mitigation if he becomes entitled to health benefits under another plan, and Mr. Flores would be made whole with respect to such amounts on a net after-tax basis. In addition, all of Mr. Flores's equity compensation and equity-based awards outstanding or to which Mr. Flores is contractually entitled on the date of any such termination of employment would become immediately exercisable and payable in full, with any associated performance goals deemed to have been achieved at the maximum levels and all restrictions removed.

If benefits to which Mr. Flores becomes entitled are considered excess parachute payments under Section 280G of the Internal Revenue Code, then Mr. Flores would be entitled to an additional payment from PXP in an amount equal to the excise tax imposed by Sections 4999 or 409A of the Internal Revenue Code or any interest or penalties with respect to such excise tax (excluding any income tax or employment tax imposed upon the additional payment).

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In connection with a change of control (as defined in the employment agreement), Mr. Flores would be entitled to the cash benefits, health insurance benefits and the gross-up described above if (without taking into account the terms and waivers set forth in Mr. Flores's Letter Agreement described below):

PXP fails to obtain from the successor company a satisfactory agreement to assume and perform Mr. Flores's employment agreement and Mr. Flores resigns within a one-year period immediately following the change of control, or

if Mr. Flores terminates his employment with the Company or any successor who has assumed his employment agreement. In March 2008, the Organization & Compensation Committee of PXP's Board of Directors approved an arrangement whereby Mr. Flores, if employed at such times, would be granted 200,000 restricted stock units annually for five years, with the first 200,000 restricted stock units granted September 30, 2015. Each annual grant of restricted stock units is subject to continued service by Mr. Flores. The first three annual grants would each vest in full in 2020, and the fourth and fifth annual grants would each vest ratably over a three-year period from the date of grant. If Mr. Flores's employment is terminated by PXP without cause or because of Mr. Flores's disability, or by Mr. Flores for good reason (each as defined in his employment agreement) or upon change in control (as defined in the PXP stock plans), all credited restricted stock units would vest in full, and any credits of restricted stock awards not yet made pursuant to this arrangement would be immediately credited to Mr. Flores and would be fully vested. In the event of death, only the restricted stock units that would have otherwise been granted within the five years following the death of Mr. Flores would be granted and vested.

Under Mr. Flores's long-term retention and deferral agreement approved in August 2005, (i) if Mr. Flores's employment is terminated by PXP without cause or because of Mr. Flores's death or disability, or by Mr. Flores for good reason (each as defined in his employment agreement) or (ii) upon a change in control (as defined in the PXP stock plans), all credited restricted stock units would vest in full, and any credits of restricted stock units not yet made pursuant to the retention agreement would be immediately credited to Mr. Flores and would be fully vested.

Letter Agreement with Mr. Flores

Mr. Flores's Letter Agreement provides that he will serve as the Vice-Chairman of FCX and Chief Executive Officer of the oil and gas business of FCX and as a member of the board of directors of FCX. Mr. Flores's annual base salary will be no less than the same annual base salary applicable to each of the current Chairman of FCX and the current President and Chief Executive Officer of FCX, as in effect from time to time. Mr. Flores is eligible for an annual incentive award based on an annual target incentive opportunity that is the same as applicable to peer executives of FCX, and participation in incentive compensation and certain benefit plans applicable to the peer executives of FCX.

Mr. Flores's Letter Agreement provides that he will waive his right to resign from employment with PXP for good reason (as defined in his current employment agreement with PXP) and to receive severance payments or benefits under his current employment agreement with PXP and for purposes of all arrangements which contain any such right or commitments, solely (i) as a result of the merger, (ii) due to the location of FCX's principal executive offices or the relocation of Mr. Flores's principal office, it being agreed that Mr. Flores's principal office will be in Houston, Texas, or (iii) due to Mr. Flores's not being the CEO or Chairman of FCX or serving in any other position at PXP or its affiliates or on any committee thereof.

Pursuant to Mr. Flores's Letter Agreement, Mr. Flores has agreed to take 100% stock consideration in settlement of certain Stock-Settled PXP RSUs that fully vest as a result of the merger. The shares of FCX common stock delivered to Mr. Flores in settlement of such Stock-Settled PXP RSUs will generally be subject to a holding requirement from the closing date of the merger through the third anniversary thereof. For more information with respect to the Stock-Settled PXP RSUs held by Mr. Flores, please see the discussion under the caption "Treatment of PXP Restricted Stock Units" above.

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Employment Agreements with Messrs. Bourgeois, Talbert and Wombwell

Mr. Bourgeois serves as the Executive Vice President, Exploration & Production, of PXP pursuant to an employment agreement effective as of November 8, 2006, Mr. Talbert serves as Executive Vice President and Chief Financial Officer of PXP pursuant to an employment agreement effective as of November 8, 2006, and Mr. Wombwell serves as Executive Vice President, General Counsel and Secretary of PXP pursuant to an employment agreement effective as of June 9, 2004. Each of Messrs. Bourgeois, Talbert and Wombwell is referred to as an Executive for purposes of this discussion.

Pursuant to the terms of each Executive's employment agreement (without taking into account the terms and waivers set forth in the applicable Executive's Letter Agreement described below):

If the Executive's employment is terminated by PXP without cause (as defined in the employment agreement) or because of disability, PXP would pay him a lump sum amount equal to one times the sum of his base salary and target annual bonus. Also, the Executive and his dependents would be entitled to health insurance benefits for up to one year after termination, subject to mitigation if he becomes entitled to health benefits under another plan, and the Executive would be made whole with respect to such amounts on a net after-tax basis. If the Executive's employment is terminated by PXP without cause or because of death or disability, all of the Executive's equity compensation and equity-based awards outstanding or to which the Executive is contractually entitled on the date of any such termination of employment (with certain limited exceptions) would become immediately exercisable and payable in full, with any associated performance goals deemed to have been achieved at the maximum levels and all restrictions removed.

In the event (a)(i) Mr. Flores ceases to be Chief Executive Officer of PXP, or (ii) the Executive is no longer reporting directly to Mr. Flores, and (b) either (i) the Executive resigns within six (6) months of (a)(i) or (ii) above, (ii) his employment is terminated for any reason other than cause or disability, or (iii) the Executive resigns for good reason (as defined in the employment agreement), then instead of the compensation described above, PXP would pay him a lump sum amount equal to two times the sum of his base salary and target annual bonus. Also, the Executive and his dependents would be entitled to health insurance benefits for up to two years after termination, subject to mitigation if he becomes entitled to health benefits under another plan, and the Executive would be made whole with respect to such amounts on a net after-tax basis. In addition, all of the Executives' equity compensation and equity-based awards (with the exception of the restricted stock units granted on November 8, 2006) outstanding or to which the Executive is contractually entitled on the date of any such termination of employment would become immediately exercisable and payable in full, with any associated performance goals deemed to have been achieved at the maximum levels and all restrictions removed. Notwithstanding the foregoing, in the event that Mr. Flores ceases to be Chief Executive Officer due to his death or disability, the Executive would be entitled to the compensation and benefits described in this paragraph only if he is terminated for any reason other than cause or disability or he resigns for good reason.

If within a one-year period following a change of control (as defined in the employment agreement), the Executive resigns or is terminated for any reason, PXP would pay him a lump sum amount equal to three times the sum of his base salary and target annual bonus. Also, the Executive and his dependents would be entitled to health insurance benefits for up to three years after termination, subject to mitigation if he becomes entitled to health benefits under another plan. In addition, all of the Executives' equity compensation and equity-based awards outstanding or to which the Executive is contractually entitled on the date of any such termination of employment would become immediately exercisable and payable in full, with any associated performance goals deemed to have been achieved at the maximum levels and all restrictions removed.

If, following a change of control, (A) the surviving entity requests the Executive to remain employed; (B) Mr. Flores is either the President, Chief Executive Officer, or Chairman of the Board; (C) the Executive is reporting directly to Mr. Flores, and (D) the surviving entity places all amounts which

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would otherwise become payable as described in the preceding paragraphs in escrow with a party and terms reasonably acceptable to the Executive, then the Executive would not be able to resign and receive the compensation described in the preceding paragraph until six months after the date of the change of control. Notwithstanding the foregoing, if, following a change of control, Mr. Flores ceases to be either President, Chief Executive Officer or Chairman of the Board due to his death or disability prior to the six (6) month anniversary of the date of the change of control, and the Executive resigns for good reason, he would be entitled to the compensation and benefits described in the preceding paragraph. Collectively, the conditions described in this and the preceding paragraph are referred to as the Qualifying Termination Conditions for purposes of this discussion.

If benefits to which the Executive becomes entitled are considered excess parachute payments under Section 280G of the Internal Revenue Code, then the Executive would be entitled to an additional payment from PXP in an amount equal to the excise tax imposed by Sections 4999 or 409A of the Internal Revenue Code or any interest or penalties with respect to such excise tax (excluding any income tax or employment tax imposed upon the additional payment).

Under Mr. Wombwell's long-term retention and deferral agreement approved in August 2005, in the event of a change in control (as defined in the PXP stock plans), all credited restricted stock units would vest in full, and any credits of restricted stock units not yet made pursuant to the retention agreement would be immediately credited to Mr. Wombwell and would be fully vested. In the event that Mr. Wombwell's employment is terminated by PXP without cause, by Mr. Wombwell's death or disability, or by Mr. Wombwell for good reason (each as defined in his employment agreement), all credited restricted stock units would vest in full, and up to one additional annual credit of restricted stock units would be immediately credited to Mr. Wombwell and would be fully vested.

Letter Agreements with Messrs. Bourgeois, Talbert and Wombwell

The Letter Agreements with each of Messrs. Bourgeois, Talbert and Wombwell provide that the Executive will serve as Executive Vice President of the oil and gas business of FCX. The Letter Agreements provide each Executive with an annual base salary of no less than \$750,000, eligibility for an annual incentive award as determined by the compensation committee of FCX, and participation in incentive compensation and benefit plans of FCX that are applicable to similarly situated executives of FCX.

The Letter Agreements provide that each Executive will waive his right to resign from employment with PXP and to receive severance payments or benefits under his current employment agreement with PXP and for purposes of all arrangements which contain any such right or commitments (i) for any reason as a result of the merger, (ii) for any reason because Mr. Flores ceases to be Chief Executive Officer of PXP, or (iii) due to the location of FCX's principal executive offices or the relocation of the Executive's principal office, it being agreed that the Executive's principal office will be in Houston, Texas.

Pursuant to the Letter Agreements, each Executive has agreed to take no less than 75% stock consideration in settlement of certain Stock-Settled PXP RSUs that fully vest as a result of the merger, with the remainder converted into the right to receive cash consideration. The shares of FCX common stock delivered to each Executive in settlement of such Stock-Settled PXP RSUs will generally be subject to a holding requirement from the closing date of the merger through the third anniversary thereof. For more information with respect to the Stock-Settled PXP RSUs held by the Executives, please see the discussion under the caption Treatment of PXP Restricted Stock Units above.

Merger-Related Compensation for PXP Named Executive Officers

The information set forth in the table below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosures of information about certain compensation for each of PXP's named executive officers that is based on or otherwise relates to the merger (merger-based compensation) and assumes, among other things, that the named executive officers will incur a qualifying termination of employment immediately

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following a change in control. However, it is anticipated that each of PXP's named executive officers will remain employed by FCX following the merger, in which case, such named executive officers will become entitled to accelerated vesting and/or payment of certain PXP RSUs and related excise tax gross-up payments but would not be entitled to the cash benefits, health insurance benefits and additional gross-up payments applicable in the case of a qualifying termination. For a summary of the merger-based compensation payable to PXP's named executive officers assuming that each of them remains employed by FCX following the merger, as anticipated, see the discussion under the captions "Treatment of PXP Restricted Stock Units" and "Summary of PXP Equity Awards to Be Accelerated Upon Completion of the Merger" above.

Please note that the amounts ind