

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,	2019	2018	2017
(In millions, except per share amounts)			
Revenues	\$14,402	\$18,628	\$16,403
Cost of sales:			
Production and delivery	11,514	11,687	10,258
Depreciation, depletion and amortization	1,412	1,754	1,714
Metals inventory adjustments	179	4	8
Total cost of sales	13,105	13,445	11,980
Selling, general and administrative expenses	414	443	477
Mining exploration and research expenses	104	105	93
Environmental obligations and shutdown costs	105	89	244
Net gain on sales of assets	(417)	(208)	(81)
Total costs and expenses	13,311	13,874	12,713
Operating income	1,091	4,754	3,690
Interest expense, net	(620)	(945)	(801)
Net (loss) gain on early extinguishment of debt	(27)	7	21
Other (expense) income, net	(138)	76	(8)
Income from continuing operations before income taxes and equity in affiliated companies' net earnings	306	3,892	2,902
Provision for income taxes	(510)	(991)	(883)
Equity in affiliated companies' net earnings	12	8	10
Net (loss) income from continuing operations	(192)	2,909	2,029
Net income (loss) from discontinued operations	3	(15)	66
Net (loss) income	(189)	2,894	2,095
Net income attributable to noncontrolling interests:			
Continuing operations	(50)	(292)	(274)
Discontinued operations	—	—	(4)
Net (loss) income attributable to common stockholders	\$ (239)	\$ 2,602	\$ 1,817
Basic net (loss) income per share attributable to common stockholders:			
Continuing operations	\$ (0.17)	\$ 1.80	\$ 1.21
Discontinued operations	—	(0.01)	0.04
	\$ (0.17)	\$ 1.79	\$ 1.25
Diluted net (loss) income per share attributable to common stockholders:			
Continuing operations	\$ (0.17)	\$ 1.79	\$ 1.21
Discontinued operations	—	(0.01)	0.04
	\$ (0.17)	\$ 1.78	\$ 1.25
Weighted-average common shares outstanding:			
Basic	1,451	1,449	1,447
Diluted	1,451	1,458	1,454
Dividends declared per share of common stock	\$ 0.20	\$ 0.20	\$ —

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, (In millions)	2019	2018	2017
Cash flow from operating activities:			
Net (loss) income	\$ (189)	\$ 2,894	\$ 2,095
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation, depletion and amortization	1,412	1,754	1,714
Metals inventory adjustments	179	4	8
Net gain on sales of assets	(417)	(208)	(81)
Stock-based compensation	63	76	71
Net charges for environmental and asset retirement obligations, including accretion	221	262	383
Payments for environmental and asset retirement obligations	(244)	(239)	(131)
Net charges for defined pension and postretirement plans	108	81	120
Pension plan contributions	(75)	(75)	(174)
Net loss (gain) on early extinguishment of debt	27	(7)	(21)
Deferred income taxes	29	100	76
(Income) loss on disposal of discontinued operations	(3)	15	(57)
Dividends received from PT Smelting, an equity method investee	40	—	—
Charges for PT Freeport Indonesia (PT-FI) surface water tax, withholding tax and environmental matters	30	162	—
Payments for PT-FI surface water and withholding tax matters	(67)	—	—
Charges for Cerro Verde royalty dispute	65	371	355
Payments for Cerro Verde royalty dispute	(187)	(56)	(53)
U.S. tax reform benefit	—	(123)	(393)
Change in PT-FI statutory tax rate	—	(504)	—
Other, net	141	12	(43)
Changes in working capital and other, excluding disposition amounts:			
Accounts receivable	119	649	427
Inventories	259	(537)	(169)
Other current assets	60	(28)	(28)
Accounts payable and accrued liabilities	(60)	(106)	110
Accrued income taxes and timing of other tax payments	(29)	(634)	457
Net cash provided by operating activities	1,482	3,863	4,666
Cash flow from investing activities:			
Capital expenditures:			
North America copper mines	(877)	(601)	(167)
South America	(256)	(237)	(115)
Indonesia	(1,369)	(1,001)	(875)
Molybdenum mines	(19)	(9)	(5)
Other	(131)	(123)	(248)
Acquisition of PT Rio Tinto Indonesia	—	(3,500)	—
Proceeds from sales of:			
Timok exploration project and a portion of Freeport Cobalt	452	—	—
PT Indonesia Papua Metal Dan Mineral	—	457	—
Other assets	109	93	72
Other, net	(12)	(97)	17
Net cash used in investing activities	(2,103)	(5,018)	(1,321)
Cash flow from financing activities:			
Proceeds from debt	1,879	632	955
Repayments of debt	(3,197)	(2,717)	(3,812)
Proceeds from sale of PT-FI shares	—	3,500	—
Cash dividends and distributions paid:			
Common stock	(291)	(218)	(2)
Noncontrolling interests	(82)	(278)	(174)
Contributions from noncontrolling interests	165	—	—
Other, net	(30)	(19)	(22)
Net cash (used in) provided by financing activities	(1,556)	900	(3,055)
Net (decrease) increase in cash, cash equivalents, restricted cash and restricted cash equivalents	(2,177)	(255)	290
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	4,455	4,710	4,420
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	\$ 2,278	\$ 4,455	\$ 4,710

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CONSOLIDATED BALANCE SHEETS

December 31,	2019	2018
(In millions, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,020	\$ 4,217
Trade accounts receivable	741	829
Income and other tax receivables	426	493
Inventories:		
Materials and supplies, net	1,649	1,528
Mill and leach stockpiles	1,143	1,197
Product	1,281	1,778
Other current assets	655	422
Total current assets	7,915	10,464
Property, plant, equipment and mine development costs, net	29,584	28,010
Long-term mill and leach stockpiles	1,425	1,570
Other assets	1,885	2,172
Total assets	<u>\$40,809</u>	<u>\$42,216</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,576	\$ 2,625
Current portion of environmental and asset retirement obligations	436	449
Accrued income taxes	119	165
Dividends payable	73	73
Current portion of debt	5	17
Total current liabilities	3,209	3,329
Long-term debt, less current portion	9,821	11,124
Deferred income taxes	4,210	4,032
Environmental and asset retirement obligations, less current portion	3,630	3,609
Other liabilities	2,491	2,230
Total liabilities	23,361	24,324
Equity:		
Stockholders' equity:		
Common stock, par value \$0.10, 1,582 shares and 1,579 shares issued, respectively	158	158
Capital in excess of par value	25,830	26,013
Accumulated deficit	(12,280)	(12,041)
Accumulated other comprehensive loss	(676)	(605)
Common stock held in treasury – 131 shares and 130 shares, respectively, at cost	(3,734)	(3,727)
Total stockholders' equity	9,298	9,798
Noncontrolling interests	8,150	8,094
Total equity	17,448	17,892
Total liabilities and equity	<u>\$40,809</u>	<u>\$42,216</u>

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