

FREEPORT-MCMORAN INC
Form PRE 14A
April 15, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
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 Soliciting Material Pursuant to §240.14a-12

Freeport-McMoRan Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED APRIL 15, 2016

LETTER TO STOCKHOLDERS FROM OUR NON-EXECUTIVE CHAIRMAN OF THE BOARD

Dear Fellow Stockholders,

The past year has been a time of significant change for our company and our board. We collaborated with our stockholders as we redefined our strategy, addressed a volatile market environment, and reorganized our board. We faced significant challenges in 2015: copper and oil prices plummeted, hitting six-year and fifteen-year lows, respectively, in early 2016, and slowing growth rates in China and concerns of global oversupply of oil sparked intense reaction in the credit and equity markets that were particularly adverse for natural resource companies. At the board level, our goal has been to position the company to address near-term challenges and still take advantage of the long-term opportunities our assets provide.

Redefining Our Strategy. Our restructured board has adopted a clearly defined strategy of focusing on our leading global position in the copper industry. We have a proven ability to develop and safely operate properties around the world, producing large volumes of low-cost copper that enable the copper business to be cash-flow positive even when the price of copper nears six-year lows. In light of this strategy and market conditions, we have changed the organizational structure of our oil and gas business to reduce costs, streamline functions, and enhance capital allocation across our global business in a manner consistent with our debt reduction initiatives. Further steps will be taken to reduce costs and capital expenditures.

Making Tough Decisions. Adverse economic conditions demand that senior leaders make tough decisions. During 2015, we took aggressive actions to enhance our financial position in response to market conditions, including significant reductions in capital spending, production curtailments at certain North and South America mines and actions to reduce operating, exploration and administrative costs. Our board recognized that in order to protect our balance sheet and repay debt, the significant cost reductions the business was achieving in operations needed to be paired with a suspension of our common stock dividend, supplemental equity issuances, and the sale of targeted assets. Our board also assessed itself, and determined that we would sharpen our focus and increase accountability by reorganizing and reducing the size of our board and streamlining our executive management. We downsized the board from sixteen directors to nine, appointed a non-executive Chairman, and eliminated the Office of the Chairman structure.

Listening to Our Stockholders. Our board values the open communication that we have established with our stockholders. The full scope of investor perspectives that we gather through discussions with investors is integrated into the board's decision-making processes on issues ranging from strategy to governance. Many of the changes that we implemented this year are consistent with themes identified in our conversations with stockholders. On this year's ballot is a board-supported proposal to adopt a proxy access by-law, which was authored with the thoughtful perspectives of many of our largest stockholders and is consistent with the stockholder proposal on the same topic that was presented for your consideration in 2015.

We are optimistic about our company's long-term future, underpinned by a portfolio of exceptional assets and a highly motivated management team and workforce focused on executing our strategy. Thank you for your continued confidence in us.

Respectfully yours,

GERALD J. FORD

April , 2016

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date: Wednesday, June 8, 2016

Time: 10:00 a.m., Eastern Time

Place: Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801. You can obtain directions to the Hotel du Pont on the hotel's website at www.hoteldupont.com/map-and-directions-en.html.

Purpose:

- Elect eight directors;
- Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016;
- Approve, on an advisory basis, the compensation of our named executive officers;
- Approve a proposed amendment to our amended and restated by-laws to implement stockholder proxy access;
- Approve a proposed amendment to our amended and restated certificate of incorporation to increase the number of authorized shares of common stock to 3,000,000,000;
- Approve a proposed amendment to our amended and restated certificate of incorporation to clarify that any director may be removed with or without cause;
- Approve the adoption of the proposed 2016 Stock Incentive Plan;
- Vote on one stockholder proposal requesting a report on the company's enhanced oil recovery operations, if presented at the annual meeting; and
- Transact such other business as may properly come before the annual meeting.

Record Date: Only stockholders of record as of the close of business on April 12, 2016 are entitled to notice of and to attend or vote at the annual meeting.

Identification: If you plan to attend the annual meeting in person, please bring proper identification and, if your shares of our common stock are held in street name, meaning a bank, broker, trustee or other nominee is the stockholder of record of your shares, please bring acceptable proof of ownership, which is either an account statement or a letter from your bank, broker, trustee or other nominee confirming that you beneficially owned shares of Freeport-McMoRan Inc. common stock on the record date.

Proxy Voting: **Your vote is very important. Whether or not you plan to attend the annual meeting in person, please promptly submit your proxy and voting instructions via the internet or sign, date and return a proxy card. Your cooperation is appreciated.**

By Order of the Board of Directors.

DOUGLAS N. CURRAULT II

Deputy General Counsel and Corporate Secretary

April , 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 8, 2016.**

This proxy statement and the company's 2015 annual report to stockholders are available at

www.eproxyaccess.com/fcx2016

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PROXY SUMMARY

This summary highlights selected information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. For more complete information regarding our 2015 performance, please review our 2015 Annual Report on Form 10-K. The 2015 annual report to stockholders, including financial statements, is being made available to stockholders together with these proxy materials on or about April 1, 2016.

2016 Annual Meeting of Stockholders

Time and Date: 10:00 a.m. Eastern Time, Wednesday, June 8, 2016

Place: Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801

Record Date: Tuesday, April 12, 2016

Voting: Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director position and one vote for each of the other proposals to be considered at our annual meeting.

2015 Performance Highlights (page 27)

During 2015, we took aggressive actions to reduce costs and capital expenditures. We achieved significant cost reductions and structured our mining operations to generate free cash flow at copper prices near six-year lows.

In addition, we achieved a number of important milestones:

In Arizona, the new concentrating facility at Morenci reached full rates.

In Peru, we completed the construction of the world's largest concentrating facility at Cerro Verde, positioning the mine to be a major large-scale producer for decades.

In Indonesia, we received important assurances from the Government of Indonesia regarding our long-term operating rights.

In Africa, exploration results at our Tenke Fungurume mine continue to indicate opportunities for significant future reserve additions.

Drilled 10 successful wells at our three 100-percent-owned production platforms in the Deepwater Gulf of Mexico. Our mining assets are characterized by high volumes of low-cost current production, with large mineral reserves and resources available for future development and growth. We are positive and optimistic about our company's long-term future, underpinned by a portfolio of exceptional assets and a highly motivated management team and workforce focused on executing our strategy.

Executive Compensation Highlights (page 26)

Majority of our executives' target direct compensation is **at risk and based on measurable performance and increases in stock price** under our annual and long-term incentive programs.

No payouts under the annual incentive plan for 2015.

No increases to base salaries of executives.

Forfeiture of 20% of the 2013-2015 restricted stock unit award for failure to satisfy performance conditions.

Consistent with our goals of reducing debt and costs, and continuing to safely and effectively operate our business, we adopted a **new structure for 2016 performance share unit awards**, incorporating financial and operational metrics in addition to relative TSR performance metric.

Streamlined executive management structure and **discontinued paying three executives at the highest level**.

Table of Contents**Corporate Governance Highlights (page 7)**

We implemented several significant corporate governance enhancements in 2015, including the following:

Reduced the size of the board from 16 to 9 while adding two new members, significantly reducing average director tenure.

Appointed a **non-executive chairman of the board**.

Streamlined our executive management by eliminating the Office of the Chairman structure.

These changes reflect the changing needs of the company, evolving governance practices and feedback from our stockholders. We believe that these changes will streamline decision making processes while also increasing accountability for the board and management. We are committed to strong and effective governance practices that are responsive to our stockholders.

Stockholder Engagement (page 4)

We have an extensive stockholder outreach program through which we seek ongoing input from our largest institutional investors and other stockholders regarding our executive compensation and governance practices, and implement changes based on this input. We value stockholder views and insights and believe that constructive and meaningful dialogue builds informed relationships that promote transparency and accountability. One of the key topics we discussed with our stockholders in 2015 was proxy access. We are presenting for stockholder approval at our annual meeting a proxy access proposal that is designed to reflect feedback gathered in those discussions as well as the company's specific ownership and governance structures.

Agenda and Voting Recommendations

Item	Description	Board Vote Recommendation	Page
1	Election of eight directors	FOR each nominee	16
2	Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016	FOR	58
3	Approval, on an advisory basis, of the compensation of our named executive officers	FOR	59
4	Approval of an amendment to our amended and restated by-laws to implement stockholder proxy access	FOR	60
5	Approval of an amendment to our amended and restated certificate of incorporation to increase the number of authorized shares of common stock	FOR	63
6	Approval of an amendment to our amended and restated certificate of incorporation to clarify that any director may be removed with or without cause	FOR	65
7	Approval of the adoption of the proposed 2016 Stock Incentive Plan	FOR	66
8	Stockholder proposal requesting a report on the company's enhanced oil recovery operations	AGAINST	77

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Name	Age	Director Since	Principal		Independent	Board Committees
			Occupation			
			Vice Chairman, President and			
Richard C. Adkerson	69	2006	Chief Executive Officer			
			Freeport-McMoRan Inc.			Audit
Gerald J. Ford	71	2000	Chairman of the Board		ü	Executive (Chair)
Non-Executive Chairman of the Board			Hilltop Holdings, Inc.			Nominating and Corporate Governance (Chair)
Lydia H. Kennard	61	2013	President and Chief Executive Officer		ü	Corporate Responsibility (Vice Chair)
			KDG Construction Consulting			Nominating and Corporate Governance Compensation
Andrew Langham	43	2015	General Counsel		ü	Nominating and Corporate Governance Audit (Vice Chair)
			Icahn Enterprises L.P.			
Jon C. Madonna	72	2007	Retired Chairman and Chief Executive Officer		ü	Compensation (Vice Chair)
			KPMG LLP			Nominating and Corporate Governance Audit
Courtney Mather	39	2015	Managing Director		ü	Executive Compensation (Chair)
			Icahn Capital LP			
Dustan E. McCoy	66	2007	Retired Chairman and Chief Executive Officer		ü	Corporate Responsibility
			Brunswick Corporation			
Frances Fragos Townsend	54	2013	Executive Vice President of Worldwide Government, Legal and Business Affairs		ü	Executive Corporate Responsibility (Chair)
			MacAndrews & Forbes Holdings Inc.			Compensation