GLENCORE

Baar, Switzerland
6 October, 2015

Glencore funding factsheet

Introduction

Set out below is a summary of Glencore's financing arrangements. This largely consists of information already announced, mostly in the 2015 Half-Year Report released on 19th August 2015 of results for the six-month period ended 30th June 2015.

Available committed liquidity

At 30 June 2015, available committed liquidity was $10.5 billion (p. 71 of 2015 Half-Year Report). As of today, committed available liquidity is materially above June's level, given the recent $2.5 billion equity placement, the business generating positive free cashflow and the ongoing focus on delivery of the various other debt reduction measures, including lower net working capital. Further delivery of the debt reduction programme, including the $2 billion target for asset disposals, will similarly enhance liquidity levels.

Current credit rating

- Standard & Poor's: BBB, negative outlook
- Moody's: Baa2, negative outlook

Sources of funding

Glencore's marketing and industrial businesses are funded via a mix of short/medium and long-term facilities. At 30 June 2015, these facilities comprise:

Short/medium term funding:

- $15.25 billion committed syndicated revolving credit facilities; substantial portion undrawn, which, together with $3.1 billion of cash and cash equivalents and net of $1.3 billion of issued USCP, forms the basis of committed available liquidity at a point in time
- $1.2 billion drawn secured against inventory/receivables; availability is substantially higher, such that the vast majority of these Glencore facilities remain undrawn. These undrawn facilities are not included in the available liquidity definition, notwithstanding the asset-backed nature of this funding source
- $3.4 billion bilateral bank facilities

Long-term funding:

- $31.1 billion capital market notes. Separately, $5.4 billion of notes mature within 1 year; in addition there are $0.9 billion of other non-current bank loans

Terms and conditions, related to committed, unsecured facilities

No financial covenants, no rating events of default or rating prepayment events, no material adverse change events of default or material adverse change prepayment events.

Secured vs. unsecured

As noted above, only $1.2 billion (<2.5%) of the Group's funding was secured at 30 June 2015.

Committed vs. uncommitted

As noted above, only $4.6 billion ($1.2 billion secured and $3.4 billion bilateral lines) of the Group's funded facilities were uncommitted at 30 June 2015.

Impact of a credit rating downgrade

Glencore is undertaking measures to strengthen its balance sheet, including a material debt reduction, that the company expects shall serve to protect and maintain a strong BBB/Baa credit rating.

In the event of a downgrade by Standard & Poor's and/or Moody's from current ratings to the level(s) immediately below, a ratings' grid in the $6.8 billion 5-year revolving credit facility provides for a modest additional margin step-up. As this 5-year revolving credit facility is expected to remain fully undrawn, the net additional effect would only be 35% of this modest step-up margin, being the applicable commitment fee only. The maximum margin for sub-investment grade rating from either Standard & Poor's or Moody's is 1.10%. There is no ratings grid in relation to the $8.45 billion revolving credit facility. In addition, there are $4.9 billion of bonds outstanding, where a 125bps margin step-up would apply, in the event that the bonds were rated sub-investment grade by either major ratings agency.

Details on various funding arrangements:

$15.25 billion committed syndicated Revolving Credit Facility ("RCF")

- Signed on 28 May 2015, comprising 60 banks, including 34 Mandated Lead Arrangers
- The RCF is for general corporate purposes, comprising:
  - a $8.45 billion 12-month RCF with a 12-month term-out option to May 2017 (Glencore's option) and a 12-month extension option (subject to Banks' approval)
  - a $6.8 billion 5-year RCF with two 12-month extension options subject to Banks' approval
  - the overall amount drawn under the RCF was $6.6 billion at 30 June 2015
  - there are no financial covenants in the RCF documentation

US Commercial Paper ("USCP")

Glencore's stand-alone USCP rated A2/P2, respectively, by S&P and Moody's

- USCP is utilised from time to time
- The amount drawn was $1.3 billion as at 30 June 2015
- The notes mature not more than 397 days from the date of issue
- Any USCP issued is excluded from available committed liquidity calculation

Bilateral bank loans

Other bank loans (c.$3.4 billion drawn at 30 June 2015) comprises various uncommitted bilateral bank credit facilities and other financings. These bilateral bank facilities are individually smaller than other financings (<$100 million), and provided by an extensive group of banks to various entities within Glencore's global business to satisfy local business working capital / jurisdictional requirements, operational flexibility etc. These drawings are unsecured and self-liquidating, meaning that as the underlying working capital / funding requirements reduce, so too, any drawn facilities are repaid with the associated working capital reduction proceeds. These facilities are typically rolled-over on an annual basis. Although c. $3.4 billion was drawn at 30 June 2015, availability is substantially higher, such that the vast majority of these Glencore facilities remain undrawn.

Notes and cross-guarantees

$36.5 billion notes outstanding at 30 June 2015, including $1.9 billion maturing in October 2015. See Appendix for full details.

- Notes are issued on a pari passu basis, applying a cross guarantee structure introduced at the time of the Xstrata acquisition (see Moody's and S&P reports dated 7 May 2013 and 19 June 2013, respectively).
- Glencore Group bonds (issued by Glencore Funding LLC, Glencore Finance (Europe) AG and Glencore Australia Holdings Pty Ltd) have guarantees from Glencore plc, Glencore International AG and Glencore (Schweiz) AG (previously Xstrata (Schweiz) AG).
- Following the Xstrata acquisition, legacy Xstrata bonds (issued by Xstrata Finance (Canada) Limited, Xstrata Canada Financial Corp, Xstrata Canada Corporation and Xstrata Finance (Dubai) Limited) also now have guarantees from Glencore plc and Glencore International AG, implemented by way of supplemental indentures.
- Similarly, the outstanding USD notes issued by Viterra Inc. in August 2010 have guarantees in place from Glencore plc and Glencore International AG.

Readily Marketable Inventories ("RMI")

Represents those marketing inventories that are contractually sold or hedged. At June 30 2015, total inventories were $23.6 billion, of which Marketing RMI were $17.7 billion.

For corporate leverage purposes Glencore accounts for RMI as being readily convertible to cash due to their very liquid nature, widely available markets and the fact that price exposure is covered by either a forward physical sale or hedge transaction.

Use of financial instruments

In its physical commodities marketing / logistics business, Glencore seeks to manage commodity price exposure through futures and options transactions on worldwide commodity exchanges or in over-the-counter markets, to the extent available. Such risk management financial instruments are continually marked-to-market in Glencore's financial statements, with the related assets and liabilities included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Glencore's derivative transactions are undertaken within the industry standard frameworks (e.g. ISDA agreements), governing applicable collateral management and netting requirements / obligations.

Glencore seeks to ensure that insignificant credit relationships / exposure apply to / within its hedging activities, such that, in addition to initial margining, and subject to low credit thresholds, these transactions are regularly and fully collateralised, via daily cash margining to / from Glencore. As at 30 June 2015 (p. 64-65 of the 2015 Half-Year Report), Glencore reported $3.8 billion of financial instrument assets ($2.2 billion commodity derivatives, $1.2 billion physical commodity forwards and $0.4 billion foreign exchange and interest rate contracts) and $5.3 billion of financial instrument liabilities ($2.1 billion commodity derivatives, $1.1 billion physical commodity forwards and $2.1 billion foreign exchange and interest rate contracts, the latter relating primarily to cross currency hedging of non-USD bonds).

Letter of Credit ("LC")

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party (or Glencore voluntarily) may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations.

The LC is not incremental exposure to that already reported in the financial statements. An LC is only a "contingent" obligation, disclosed as such in Glencore's financial statements i.e. becomes a liability in the event that Glencore does not perform on an already recorded liability. The underlying transaction / procurement liability is recognised within "Trade Payables" in Glencore's balance sheet. At 30 June 2015, $17.9 billion of such LC commitments have been issued on behalf of Glencore, with the respective liabilities reflected within the $28.1bn of recorded accounts payables. The contingent obligation settles simultaneously with the payment for such commodity. Availability is substantially higher, such that the vast majority of these Glencore facilities remain undrawn.

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Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. The Group's operations comprise of over 150 mining and metallurgical sites, oil production assets and agricultural facilities.

With a strong footprint in both established and emerging regions for natural resources, Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 181,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.

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Appendix – detail of Capital Market Notes (30 June 2015)

	Maturity	US$ million (as at 30.06.2015)
AUD 500 million 4.500% coupon bonds	Sep 2019	402
Euro 1,250 million 5.250% coupon bonds	Mar 2017	1,393
Euro 500 million 5.250% coupon bonds	Jun 2017	610
Euro 1,250 million 4.625% coupon bonds	April 2018	1,393
Euro 1,000 million 2.625% coupon bonds	Nov 2018	1,115
Euro 750 million 3.375% coupon bonds	Sep 2020	829
Euro 1,250 million 1.250% coupon bonds	Mar 2021	1,383
Euro 600 million 2.750% coupon bonds	Apr 2021	661
Euro 700 million 1.625% coupon bonds	Jan 2022	769
Euro 400 million 3.700% coupon bonds	Oct 2023	441
Euro 750 million 1.750% coupon bonds	Mar 2025	836
Euro 500 million 3.750% coupon bonds	Apr 2026	551
Eurobonds		9,981
JPY 40 billion 1.075% coupon bonds	May 2022	328
GBP 650 million 6.500% coupon bonds	Feb 2019	1,022
GBP 500 million 7.375% coupon bonds	May 2020	879
GBP 500 million 6.000% coupon bonds	April 2022	786
Sterling bonds		2,687
CHF 450 million 2.625% coupon bonds	Dec 2018	480
CHF 175 million 2.125% coupon bonds	Dec 2019	187
CHF 500 million 1.250% coupon bonds	Dec 2020	534
Swiss Franc bonds		1,201
US$ 1,000 million 5.800% coupon bonds	Nov 2016	1,059
US$ 700 million 3.600% coupon bonds	Jan 2017	718
US$ 250 million 5.500% coupon bonds	Jun 2017	266
US$ 1,750 million 2.700% coupon bonds	Oct 2017	1,767
US$ 250 million LIBOR plus 1.06% coupon bonds	Apr 2018	255
US$ 500 million 2.125% coupon bonds	Apr 2018	502
US$ 200 million LIBOR plus 1.200% coupon bonds	May 2018	200
US$ 500 million LIBOR plus 1.360% coupon bonds	Jan 2019	502
US$ 1,500 million 2.500% coupon bonds	Jan 2019	1,502
US$ 1,000 million 3.125% coupon bonds	Apr 2019	1,001
US$ 1,000 million 2.875% coupon bonds	Apr 2020	1,001
US$ 400 million 5.950% coupon bonds	Aug 2020	400
US$ 1,000 million 4.950% coupon bonds	Nov 2021	1,071
US$ 1,000 million 4.250% coupon bonds	Oct 2022	1,021
US$ 1,500 million 4.125% coupon bonds	May 2023	1,504
US$ 1,000 million 4.625% coupon bonds	Apr 2024	1,006
US$ 500 million 4.000% coupon bonds	Apr 2025	500
US$ 250 million 6.200% coupon bonds	Jun 2035	274
US$ 500 million 6.900% coupon bonds	Nov 2037	601
US$ 500 million 6.000% coupon bonds	Nov 2041	541
US$ 500 million 5.550% coupon bonds	Oct 2042	474
US$ 350 million 7.500% coupon bonds (redeemed in October 2015)	Perpetual	350
US$ bonds		16,515
Total non-current bonds		**31,114**
Euro 1,250 million 1.750% coupon bonds	May 2016	1,393
Eurobonds		1,393
US$ 1,250 million 2.050% coupon bonds	Oct 2015	1,252
US$ 341 million 6.000% coupon bonds	Oct 2015	345
US$ 500 million LIBOR plus 1.16% coupon bonds	May 2016	499
US$ 1,000 million 1.700% coupon bonds	May 2016	999
US$ bonds		3,095
CHF 825 million 3.625% coupon bonds	Apr 2016	882
Total current bonds		**5,370**