

## FOURTH SUPPLEMENTARY PROSPECTUS DATED 25 October 2012

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

This document, which comprises a supplementary prospectus relating to the New Glencore Shares, prepared in accordance with the Prospectus Rules of the UK Listing Authority made under Section 73A of FSMA, has been approved by the Financial Services Authority in accordance with Section 85 of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Glencore Shares are currently listed on the premium segment of the Official List maintained by the FSA and traded on the London Stock Exchange's main market for listed securities. In addition, Glencore Shares are the subject of a secondary listing on the Hong Kong Stock Exchange. Applications will be made to the UK Listing Authority and to the London Stock Exchange for the New Glencore Shares to be admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange, respectively. Application will also be made to the Hong Kong Stock Exchange for the listing of, and for permission to deal in, the New Glencore Shares on the Main Board of the Hong Kong Stock Exchange. It is expected that Admission will become effective, and that dealings on the London Stock Exchange in the New Glencore Shares will commence, on the Effective Date. Hong Kong Admission is expected to occur on the next day following Admission that the Hong Kong Stock Exchange is open for trading in Hong Kong.

# GLENCORE

INTERNATIONAL plc

## Glencore International plc

### (proposed to be renamed Glencore Xstrata plc)

*(incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 107710)*

#### **Proposed issue of up to 6,226,320,817 new ordinary shares in Glencore International plc in connection with its proposed merger with Xstrata plc and application for admission of up to 6,226,320,817 new ordinary shares in Glencore International plc to the Premium Listing segment of the Official List and to trading on the London Stock Exchange**

This document is supplemental to and must be read in conjunction with the prospectus dated 31 May 2012 (the "Original Prospectus"), as supplemented by the supplementary prospectus dated 12 July 2012 relating to the Amended Management Incentive Arrangements (the "First Supplementary Prospectus"), the supplementary prospectus dated 7 August 2012 relating to the Xstrata half-yearly results for the six months ended 30 June 2012 (the "Second Supplementary Prospectus") and the supplementary prospectus dated 21 August 2012 relating to the Glencore interim results for the six months ended 30 June 2012 (the "Third Supplementary Prospectus" and, together with the First Supplementary Prospectus and the Second Supplementary Prospectus, the "Supplementary Prospectuses"). You should read the whole of this document, the Original Prospectus, the Supplementary Prospectuses and any documents incorporated therein by reference. In particular, your attention is drawn to the section of the Original Prospectus headed "Risk Factors" as supplemented by the section of this document headed "Risk Factors".

A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey registrar of companies has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of Glencore Shares by Glencore. It must be clearly understood that, in giving these consents, neither the Jersey registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of Glencore or for the correctness of any statements made, or opinions expressed, with regard to it. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law. Nothing in this document or anything communicated to the holders or potential holders of the New Glencore Shares by or on behalf of Glencore is intended to constitute, or should be construed as, advice on the merits of the subscription for or purchase of the New Glencore Shares or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998.

Investors should only rely on the information contained in this document, the Original Prospectus, as supplemented by the Supplementary Prospectuses and any documents incorporated therein by reference. No person has been authorised to give any information or make any representations other than those contained in this document, the Original Prospectus, as supplemented by the Supplementary Prospectuses, and the documents incorporated therein by reference and, if given or made, such information or representation must not be relied upon as having been so authorised. Glencore will comply with its obligations to publish a supplementary prospectus containing further updated information required by law or by any regulatory authority, but assumes no further obligation to publish additional information.

Citigroup Global Markets Limited, which is authorised and regulated in the UK by the FSA, is acting as Joint Sponsor to Glencore and no one else in connection with the Merger and Admission. Morgan Stanley & Co. Limited is acting as Joint Sponsor to Glencore and no one else in connection with the Merger and Admission. Apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Sponsors by FSMA or the regulatory regime established thereunder, the Joint Sponsors will not be responsible to any person other than Glencore for providing the protections afforded to the clients of the Joint Sponsors nor for giving advice in relation to the Merger or Admission, the contents of this document or any transaction or other matter referred to in this document.

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## SUMMARY INFORMATION

*This document is supplemental to, and should be read in conjunction with, the Original Prospectus, as supplemented by the Supplementary Prospectuses. The following summary information should be read as an introduction to this document. Any decision to invest in Glencore Shares should be based on consideration of this document, the Original Prospectus, as supplemented by the Supplementary Prospectuses, and the information incorporated by reference therein as a whole, and not solely on this summary information. Where a claim relating to the information contained in this document is brought before a court in a member state of the EEA, the claimant may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating this document before legal proceedings are initiated if the state has implemented the relevant provisions of the Prospectus Directive (Directive 2003/71/EC). Civil liability attaches to those persons who are responsible for this summary, including any translations of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with other parts of this document.*

The summary below supplements the corresponding paragraphs in the Original Prospectus, as supplemented by the Supplementary Prospectuses.

### 1 Introduction

On 1 October 2012, the Glencore Directors and the Independent Non-Executive Xstrata Directors announced that they had reached agreement on the revised final terms of the Merger. The revised terms of the Merger will provide holders of Scheme Shares with 3.05 New Glencore Shares for each Scheme Share held. It is intended that the Merger will continue to be effected by way of a Court-sanctioned scheme of arrangement of Xstrata under Part 26 of the UK Companies Act pursuant to which Glencore will acquire the entire issued and to be issued ordinary share capital of Xstrata not already owned by the Glencore Group. Under the revised terms of the Merger, the passing of the resolution to approve the Revised Management Incentive Arrangements by Xstrata Independent Shareholders will not be a condition to the Merger. Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Merger will become Effective before 31 December 2012.

### 2 Summary of Merger Terms

Under the revised final terms of the Merger, and subject to the Conditions, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

**For each Scheme Share      3.05 New Glencore Shares**

On the basis of Glencore's closing share price of 342.9 pence on 23 October 2012 (being the latest practicable date prior to the publication of this document), the Merger values each Xstrata Share at 1,045.8 pence and the entire issued and to be issued share capital of Xstrata at approximately £31.9 billion (US\$50.8 billion).

Immediately following the Effective Date, assuming that the maximum number of the New Glencore Shares to be issued pursuant to the Merger has been issued by that time, it is expected that Xstrata Shareholders other than Glencore will own approximately 46.7% of the Combined Entity.

### 6 Benefits and financial effects of Merger

On a pro forma basis and assuming the Merger had become Effective on 30 June 2012, the Combined Group would have had net assets of approximately US\$66,934 million (based on the net assets of the Glencore Group and Xstrata Group as at 30 June 2012).

## **7 Conditions to the Merger**

Under the revised terms of the Merger, the passing of the resolution to approve the Revised Management Incentive Arrangements by Xstrata Independent Shareholders at the Further Xstrata General Meeting is no longer a condition to the Merger proceeding, meaning that the Merger may proceed if the requisite majorities of eligible Xstrata Shareholders approve the Scheme even if the Revised Management Incentive Arrangements are not approved.

## **8 Combined Group Board and management of the Combined Group**

Under the revised terms of the Merger, Mick Davis will be a director of the Combined Entity and Chief Executive Officer of the Combined Group with all the customary powers of a Chief Executive Officer for a period of six months from the Effective Date. Thereafter, Ivan Glasenberg will replace Mick Davis as Chief Executive Officer of the Combined Group with all the customary powers of a Chief Executive Officer.

The person appointed by the Combined Group Board as Mick Davis's replacement shall be an operational executive employed by the Xstrata Group prior to the Effective Date, nominated by Ivan Glasenberg and agreed with the Chairman and the Senior Independent Director.

## **9 Current trading, trends and prospects**

Xstrata released its interim management statement for the third quarter of 2012 on 17 October 2012. As stated in Xstrata's interim management statement of 17 October 2012, lower coking and spot thermal coal prices have negatively impacted Xstrata Coal's earnings in the period from 1 July 2012. In response to industry-wide pressures, including low coal prices, high input costs and a strong Australian dollar against the US dollar, Xstrata Coal has initiated a planned restructuring of its business in Australia, including the reduction of around 600 contractor and permanent positions.

Glencore expects to release its interim management statement for the third quarter of 2012 on or about 1 November 2012.

Despite the continued global economic uncertainty and the resultant negative sentiment, it remains Glencore's view that commodity inventories are generally low, both on exchanges and within supply chains. Glencore continues to see strong underlying long-term fundamentals for the major commodities that would be produced and marketed by the Combined Group.

## RISK FACTORS

The Risk Factors below supplement the Risk Factors set out in the Original Prospectus.

*Any investment in Glencore and the New Glencore Shares is subject to a number of risks. Accordingly, investors and prospective investors should carefully consider the risks and uncertainties described below and in the Original Prospectus and all of the other information set out in this document and the Original Prospectus, as supplemented by the Supplementary Prospectuses, before making an investment decision. Glencore's and, if the Merger becomes Effective, the Combined Group's business, results of operations, financial condition and/or prospects could be materially and adversely affected by any of these risks. The market price of Glencore Shares may decline due to any of these risks or other factors, and investors may lose all or part of their investment.*

*The risks described below and in the Original Prospectus are not the only ones which Glencore faces. The risks described below and in the Original Prospectus are those that Glencore currently believes may materially affect it and/or which will, following the Effective Date, affect the Combined Group, the Merger and Glencore Shares. These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not currently known to Glencore, or those that it currently deems to be immaterial, may become material and adversely affect the Glencore Group's and, if the Merger becomes Effective, the Combined Group's business, results of operations, financial condition, prospects and/or the value of Glencore Shares. This document and the Original Prospectus, as supplemented by the Supplementary Prospectuses, contain estimates and projections that involve risks and uncertainties. Glencore's results may differ significantly from those previously projected as a result of certain factors, including the risks which it faces, as described and in other sections of this document and the Original Prospectus, as supplemented by the Supplementary Prospectuses.*

*The information given is as of the date of this document and, except as required by the FSA, the London Stock Exchange, the Panel, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the City Code or any other applicable law, will not be updated. Any forward looking statements are made subject to the reservations specified under "Forward looking statements" in the section headed "Important Information" in this document.*

### ***The implementation of the Merger is subject to the satisfaction (or waiver, where applicable) of a number of Conditions.***

The implementation of the Merger is subject to the satisfaction (or waiver, where applicable) of a number of conditions on or before 31 December 2012 or such later date as Glencore and Xstrata agree (with the consent of the Panel and (if required) the Court), including:

- approval of the Scheme and related resolutions by eligible Xstrata Shareholders or Xstrata Independent Shareholders (as the case may be) at the New Xstrata Court Meeting and the Further Xstrata General Meeting;
- approval of the Merger by Glencore Shareholders at the Glencore General Meeting;
- antitrust and regulatory clearances in a number of jurisdictions, including the EU, South Africa and China;
- sanction of the Scheme and confirmation of the associated Reduction of Capital by the Court; and
- the UKLA and London Stock Exchange approving Admission.

There is no guarantee that these (or any other) Conditions will be satisfied (or waived, if applicable). Failure to satisfy any of the Conditions may result in the Merger not being completed. The Merger is no longer conditional on the approval of the Revised Management Incentive Arrangements. However eligible Xstrata Shareholders will now be asked to vote on two resolutions at the New Xstrata Court Meeting, the first of which is to approve the Scheme subject to the resolution to approve the Revised Management Incentive Arrangements to be proposed at the Further Xstrata General Meeting being passed, and the second of which is to approve the Scheme subject to the resolution

to approve the Revised Management Incentive Arrangements to be proposed at the Further Xstrata General Meeting not being passed. The Independent Non-Executive Xstrata Directors have unanimously recommended that eligible Xstrata Shareholders vote in favour of the first Scheme resolution (and each of the resolutions to be proposed at the Further Xstrata General Meeting) but against the second Scheme Resolution.

The Merger will lapse and will not proceed if:

- (a) the first Scheme resolution is passed by the requisite majorities but does not become effective because the condition to it becoming effective (being the resolution to approve the Revised Management Incentive Arrangements being passed) is not satisfied as the resolution to approve the Revised Management Incentive Arrangements is not passed by the requisite majority at the Further Xstrata General Meeting, *unless*, in those circumstances, the second Scheme resolution is passed by the requisite majorities; or
- (b) the second Scheme resolution is passed by the requisite majorities but does not become effective because the condition to it becoming effective (being the resolution to approve the Revised Management Incentive Arrangements not being passed) is not satisfied as the resolution to approve the Revised Management Incentive Arrangements is passed by the requisite majority at the Further Xstrata General Meeting, *unless*, in those circumstances, the first Scheme resolution is passed by the requisite majorities.

If both Scheme resolutions are passed by the requisite majorities then:

- (a) the first Scheme resolution will become effective if the resolution to approve the Revised Management Incentive Arrangements is passed by the requisite majority at the Further Xstrata General Meeting and the second Scheme resolution will be disregarded; or
- (b) the second Scheme resolution will become effective if the resolution to approve the Revised Management Incentive Arrangements is not passed by the requisite majority at the Further Xstrata General Meeting and the first Scheme resolution will be disregarded,

and in each case the Merger will proceed and will not lapse.

***The Glencore Group must obtain governmental, antitrust and regulatory consents, including from the European Commission, to complete the Merger, which, if delayed, not granted or granted on terms not reasonably satisfactory to Glencore, may jeopardise or delay the Merger, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the Merger.***

This risk factor (which is set out on pages 23 and 24 of the Original Prospectus) shall be supplemented such that references to the “Xstrata Court Meeting” shall now be to the “New Xstrata Court Meeting” and references to “31 October 2012” shall now be to “31 December 2012”. In addition, Glencore notified the Merger to the European Commission on 2 October 2012 (which commenced the Phase I review process during which the European Commission has 25 working days (i.e. until 8 November 2012) to consider the Merger). As explained in the Original Prospectus, the Phase I process will be automatically extended to 35 working days (i.e. until 22 November 2012) in the event that Glencore offers commitments in relation to the Combined Group before working day 20, with a view to remedying any antitrust concerns raised by the European Commission. At the end of the Phase I period, the European Commission may (a) approve the Merger unconditionally, (b) approve the Merger subject to commitments in relation to the Combined Group offered by Glencore and accepted by the European Commission, or (c) conclude that it has serious doubts as to the Merger’s compatibility with the common market and therefore refer the case to Phase II. Investors should recognise that any of (a), (b) or (c) could occur.

***Glencore Shareholders and Xstrata Shareholders will own a smaller percentage of the Combined Group than they currently own of Glencore and Xstrata, respectively.***

This risk factor (which is set out on pages 24 and 25 of the Original Prospectus) shall be supplemented such that upon the Merger becoming Effective and the issuance of the New Glencore Shares, Existing Glencore Shareholders and former Xstrata Shareholders will own approximately 53.3 per cent. and approximately 46.7 per cent. respectively of the outstanding shares of the Combined Group. In addition, the assumptions in relation to the

number of Xstrata Shares in issue shall be supplemented to include the maximum retention share awards that could be granted under the Revised New Xstrata 2012 Plan.

***Glencore and Xstrata are, and, if the Merger becomes Effective, the Combined Group will be, exposed to significant geopolitical risk.***

This risk factor (which is set out on pages 8 and 9 of the Original Prospectus) shall be supplemented as follows.

By way of example of increased governmental intervention of the type referred to in this risk factor, Prodeco (which is 100 per cent. owned by Glencore) and the Colombian Institute for Geology and Mining (Ingeominas) signed the eighth amendment in connection with the proposed Calenturitas mine expansion project in 2010. In reliance upon the commitments agreed with Ingeominas in this eighth amendment, Prodeco has undertaken the Calenturitas mine expansion project which has resulted in significant investment in the expansion of the Calenturitas mine generating new jobs in the region. A writ of initiation of proceedings has been served on Prodeco alleging that the eighth amendment is null and void on the grounds that it has harmed the Colombian State's interest. Prodeco and Glencore disagree with Ingeominas' allegations and claims and Prodeco will vigorously defend itself against these as, having taken legal advice, it believes these are without merit.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times given in the table below in connection with the Merger are indicative only and are based on Glencore's current expectations and may be subject to change (including as a result of changes to Court times, the regulatory timetable and/or the process for implementation of the Merger).

If any of the times and/or dates below change, the revised times and/or dates will be notified by Glencore to Glencore Shareholders through a Regulatory Information Service.

All references in this document to times and dates are to London times and dates unless otherwise stated.

<b>Adjourned Glencore General Meeting<sup>(1)</sup></b>	9.00 a.m. Zug time 20 November 2012
New Xstrata Court Meeting <sup>(2)</sup>	2.00 p.m. Zug time 20 November 2012
Further Xstrata General Meeting <sup>(2)(3)(4)</sup>	2.15 p.m. Zug time 20 November 2012
Scheme Court Hearing to sanction the Scheme <sup>(4)</sup>	A date expected to be in the fourth quarter of 2012 ("D")
Reduction Court Hearing to confirm the Reduction of Capital <sup>(5)</sup>	D+2
Scheme Record Time <sup>(4)</sup>	6.00 p.m. on D+2
Effective Date <sup>(4)</sup>	D+3
Delisting of Xstrata Shares <sup>(4)</sup>	D+4
Issue and listing of the New Glencore Shares (and crediting of the New Glencore Shares in uncertificated form to CREST accounts) <sup>(4)</sup>	8.00 a.m. on D+4
Admission and commencement of dealings on the London Stock Exchange of the New Glencore Shares <sup>(4)(5)</sup>	by 8.00 a.m. on D+4
Posting of share certificates for the New Glencore Shares (where applicable) <sup>(4)</sup>	by no later than D+17
Long Stop Date <sup>(6)</sup>	31 December 2012

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Notes:

- (1) On 11 July 2012 the Glencore General Meeting was adjourned to a time, date and place fixed by the Glencore Directors and notified to members. Notice of the adjourned Glencore General Meeting was given to Glencore Shareholders on 21 August 2012. On 7 September 2012, the adjourned Glencore General Meeting was adjourned to a time, date and place fixed by the Glencore Directors notified to members. The Adjourned Glencore General Meeting will be held at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland.
- (2) On 7 September 2012, the adjourned Xstrata Court Meeting and the general meeting were adjourned to a date to be fixed and notified to shareholders in accordance with Xstrata's articles of association. It has been determined by the Independent Xstrata Non-Executive Directors that these meetings shall not be reconvened. Instead, the New Xstrata Court Meeting and the Further Xstrata General Meeting have been convened and they will be held at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland.
- (3) Or as soon thereafter as the New Xstrata Court Meeting shall have concluded or been adjourned.
- (4) These times and dates are indicative only and will depend, amongst other things, on the date upon which (a) the Conditions are satisfied or (if capable of waiver) waived, (b) the Court sanctions the Scheme and confirms the associated Reduction of Capital, and (c) a copy of the Reduction Court Order has been delivered to the Registrar of Companies and, if the Court so orders for the Reduction of Capital to take effect, the Reduction Court Order and the Statement of Capital have been registered by the Registrar of Companies, following the prior delivery of the Scheme Court Order to the Registrar of Companies.
- (5) Hong Kong Admission is expected to occur on the next day following Admission that the Hong Kong Stock Exchange is open for trading in Hong Kong.
- (6) This date has been extended to 31 December 2012 by agreement between Glencore and Xstrata, with the consent of the Panel. It may be further extended by such agreement and with such consent, and (if required) with the approval of the Court.



## INDICATIVE MERGER STATISTICS

Number of Glencore Shares in issue on 23 October 2012 <sup>(1)(2)</sup> .....	7,099,456,031
Number of the New Glencore Shares to be issued pursuant to the Merger <sup>(3)</sup> .....	6,226,320,817
Number of Glencore Shares in issue upon the Merger becoming Effective <sup>(3)(4)</sup> .....	13,325,776,848
The New Glencore Shares as a percentage of the Combined Group Ordinary Share Capital <sup>(3)(4)</sup> ....	46.7%

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### Notes:

- (1) Being the latest practicable date prior to the publication of this document.
- (2) This figure includes 176,742,520 Glencore Shares issued in consideration for the Kazzinc transaction further described in paragraph 13 of Part I (*Supplementary Information*) and 10.1.2 of Part III (*Additional Information*) in this document.
- (3) Based on the number of Xstrata Shares in issue as at 23 October 2012, being the latest practicable date prior to the publication of this document and assuming (a) that the Xstrata Employee Benefit Trust will be issued with new Xstrata Shares such that it holds sufficient Xstrata Shares at the Scheme Record Time to satisfy (i) all share options outstanding under the Xstrata Share Schemes and (ii) the maximum retention share awards that could be granted under the Revised New Xstrata 2012 Plan, and (b) vesting of all share awards held under the Xstrata Share Schemes and such Xstrata Shares being acquired by Glencore.
- (4) Assuming none of the outstanding Glencore Convertible Bonds are converted.

## **IMPORTANT INFORMATION**

### **General**

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice.

The contents of Glencore's website ([www.glencore.com](http://www.glencore.com)) and Xstrata's website ([www.xstrata.com](http://www.xstrata.com)) do not form part of this document and prospective investors should not rely on them. Furthermore, Glencore does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Merger or Glencore. Glencore makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Without prejudice to any obligation on Glencore to publish a supplementary prospectus pursuant to section 87G of FSMA and PR 3.4.1 of the Prospectus Rules, neither the publication of this document nor any issue of Glencore Shares made under this document and the Original Prospectus, as supplemented by the Supplementary Prospectuses, shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Glencore Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

### **Notice to Glencore Shareholders and potential investors**

#### **United States**

This document does not constitute or form part of any offer or invitation to sell or issue, or the solicitation to purchase or subscribe for, the New Glencore Shares in any jurisdiction. The New Glencore Shares have not been, and will not be, registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Glencore Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The New Glencore Shares issued to existing Xstrata Shareholders pursuant to the Scheme are expected to be issued in reliance upon an exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof. Xstrata Shareholders who were affiliates of Glencore or Xstrata prior to the Effective Date will be subject to certain US transfer restrictions relating to the New Glencore Shares received pursuant to the Scheme.

None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this document into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, this document should not be distributed in, forwarded to or transmitted in or into the United States or any Restricted Jurisdiction.

#### **Other jurisdictions**

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy any New Glencore Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or would impose any unfulfilled registration, publication or approval requirements on Glencore or the

Joint Sponsors. No action has been taken nor will be taken in any jurisdiction by Glencore or the Joint Sponsors that would permit a public offering of the New Glencore Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action of that purpose is required. Glencore and the Joint Sponsors do not accept any responsibility for any violation of any restrictions by any other person.

The New Glencore Shares have not been and will not be registered or qualified by a prospectus under applicable securities laws of any jurisdiction other than the United Kingdom. Accordingly, the New Glencore Shares may not be offered, sold, reoffered, resold, pledged or otherwise transferred in or into any jurisdiction where such an offer or sale would violate the relevant securities laws of such jurisdiction.

None of Glencore, the Joint Sponsors and their respective representatives is making any representation to any offeree or purchaser of the New Glencore Shares offered hereby regarding the legality of investment by such offeree or purchaser under appropriate investment or similar laws. Each prospective investor should consult with his, her or its own advisers as to the legal, tax, business, financial and related aspects of purchase of or subscription for the New Glencore Shares.

### **Forward looking statements**

This document contains statements which are, or may be deemed to be, “forward looking statements” which are prospective in nature. All statements other than statements of historical fact are forward looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward looking statements. Often, but not always, forward looking statements can be identified by the use of forward looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “projects” or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Glencore’s or Xstrata’s operations and potential synergies resulting from the Merger; and (iii) the effects of global economic conditions on Glencore’s or Xstrata’s business.

Such forward looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of Glencore, Xstrata or the Combined Group to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Important factors that could cause actual results, performance or achievements of Glencore, Xstrata or the Combined Group to differ materially from the expectations of Glencore, Xstrata or the Combined Group, as applicable, include, among other things, general business and economic conditions globally, commodity price volatility, industry trends, competition, changes in government and other regulations, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability, disruptions in business operations due to reorganisation activities (whether or not Glencore combines with Xstrata), interest rate and currency fluctuations, the failure to satisfy any conditions for the Merger on a timely basis or at all, the failure to satisfy the conditions of the Merger when implemented (including approvals or clearances from regulatory and other agencies and bodies) on a timely basis or at all, the failure of Glencore to combine with Xstrata on a timely basis or at all, the inability of the Combined Group to realise successfully any anticipated synergy benefits, the inability of the Combined Group to integrate successfully Glencore’s and Xstrata’s operations and programmes, or the Combined Group incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to the Merger, in each case when the Merger becomes Effective. Such forward looking statements should therefore be construed in light of such factors.

Neither Glencore nor any of its associates or directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur. These forward looking statements speak only as at the date of this document.

Investors should specifically consider the factors identified in this document and the Original Prospectus, as supplemented by the Supplementary Prospectuses, which could cause actual results to differ before making an investment decision. Such risks, uncertainties and other factors are set out more fully in the section headed “Risk Factors” in this document and in the section of the Original Prospectus headed “Risk Factors”. To the extent required by the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules of the FSA, the London Stock Exchange, the Securities and Futures Commission of Hong Kong, the Hong Kong Stock Exchange or applicable law, Glencore will update or revise the information in this document. Otherwise, Glencore expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the expectations of Glencore, Xstrata or the Combined Group with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

No statement in this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for either Glencore or Xstrata as appropriate.

### **Definitions and Interpretation**

Words or expressions defined in the Original Prospectus, as supplemented by the Supplementary Prospectuses, have the same meaning when used in this document unless otherwise defined.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Unless otherwise stated, all times and dates referred to in this document are references to London times and dates.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

For the purpose of this document, “subsidiary”, “subsidiary undertaking” and “undertaking” have the meanings given by the UK Companies Act.

## **PART I**

### **SUPPLEMENTARY INFORMATION**

#### **1 Background**

Following the publication of the Original Prospectus on 31 May 2012 and the Supplementary Prospectuses on 12 July 2012, 7 August 2012 and 21 August 2012, Glencore and Xstrata announced revised final terms of the Merger on 1 October 2012.

Glencore considers this information to be a significant new factor relating to the information contained in the Original Prospectus, as supplemented by the Supplementary Prospectuses and, accordingly, this Supplementary Prospectus has been prepared in accordance with Section 87G of FSMA and the Prospectus Rules.

#### **2 Introduction**

On 1 October 2012, the Glencore Directors and the Independent Non-Executive Xstrata Directors announced that they had reached agreement on the revised final terms of the Merger. The revised terms of the Merger will provide holders of Scheme Shares with 3.05 New Glencore Shares for each Scheme Share held. It is intended that the Merger will continue to be effected by way of a Court sanctioned scheme of arrangement of Xstrata under Part 26 of the UK Companies Act pursuant to which Glencore will acquire the entire issued and to be issued ordinary share capital of Xstrata not already owned by the Glencore Group. Under the revised terms of the Merger, the passing of the resolution to approve the Revised Management Incentive Arrangements by Xstrata Independent Shareholders is not a condition to the Merger. Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Merger will become Effective before 31 December 2012.

#### **3 Summary of the revised terms of the Merger**

Under the revised final terms of the Merger, and subject to the Conditions, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

**For each Scheme Share      3.05 New Glencore Shares**

On the basis of Glencore's closing share price of 342.9 pence on 23 October 2012 (being the latest practicable date prior to the publication of this document), the Merger values each Xstrata Share at 1,045.8 pence and the entire issued and to be issued share capital of Xstrata at approximately £31.9 billion (US\$50.8 billion).

Immediately following the Effective Date, assuming that the maximum number of the New Glencore Shares to be issued pursuant to the Merger has been issued by that time, it is expected that Xstrata Shareholders other than Glencore will own approximately 46.7% of the Combined Entity.

#### **4 Background to and reasons for the Merger**

As set out in the Original Prospectus, the Glencore Board continues to believe that the Merger has compelling logic for both Glencore and Xstrata and that it is the logical next step for two highly complementary businesses. The Glencore Board believes that putting together the operational excellence of Xstrata and its leading portfolio of industrial mining and metals assets with the marketing skills and the developing asset base of Glencore will enable the Combined Group to take advantage of changing trends in the way that natural resources are consumed and supplied globally, especially as a result of demand in emerging economies.

#### **5 Benefits and financial effects of the Merger**

On a pro forma basis and assuming the Merger had become Effective on 30 June 2012, the Combined Group would have had net assets of approximately US\$66,934 million (based on the net assets of the Glencore Group and Xstrata

Group as at 30 June 2012) as more fully described in Part II (*Unaudited Pro Forma Financial Information of the Combined Group*) of this document.

As at the close of business on 23 October 2012, being the latest practicable date prior to publication of this document, the Combined Group would have had a combined market capitalisation of approximately US\$72.8 billion.<sup>1</sup>

The Glencore Board continues to expect the Merger to be earnings enhancing for the Combined Group in its first full financial year following the Effective Date as a result of the earnings of the Xstrata Group being consolidated with those of the Glencore Group.<sup>2</sup>

## **6 Combined Group Board and Governance Arrangements**

Under the revised terms of the Merger, Mick Davis will be a director of the Combined Entity and Chief Executive Officer of the Combined Group with all the customary powers of a Chief Executive Officer for a period of six months from the Effective Date. Thereafter, he will cease to be a director of the Combined Entity and Chief Executive Officer of the Combined Group and Ivan Glasenberg will replace Mick Davis as Chief Executive Officer of the Combined Group with all the customary powers of a Chief Executive Officer. The office of President/Deputy Chief Executive Officer will cease to exist at that time.

After the Effective Date, the person appointed by the Combined Group Board as a replacement for any director (other than Mick Davis or Ivan Glasenberg) who ceases to be director of the Combined Entity for any reason, shall be a person who is independent for the purposes of the UK Corporate Governance Code. Any such person will be identified by the Nominations Committee of the Combined Entity.

In the case of Mick Davis, the person appointed by the Combined Group Board as his replacement shall be an operational executive employed by the Xstrata Group prior to the Effective Date, nominated by Ivan Glasenberg and agreed with the Chairman and the Senior Independent Director.

## **7 Revised Management Incentive Arrangements**

The Management Incentive Arrangements described in paragraph 7 of Part XI (*Additional Information*) of the Original Prospectus included retention arrangements for each member of Xstrata's Management and each of the Xstrata Senior Employees. On 27 June and 11 July 2012, Xstrata announced amendments to the Management Incentive Arrangements relating to the retention award element of the Management Incentive Arrangements to be paid in the form of Glencore Shares rather than cash, including the establishment of the New Xstrata 2012 Plan, as set out in the First Supplementary Prospectus. Further amendments have been made to the Management Incentive Arrangements in connection with the revised terms of the Merger.

Completion of the Merger is no longer conditional upon the approval of the Revised Management Incentive Arrangements by Xstrata Independent Shareholders. Accordingly, the Revised Management Incentive Arrangements (including the establishment of the Revised New Xstrata 2012 Plan) will only become effective on the Effective Date if they are approved by Xstrata Independent Shareholders at the Further Xstrata General Meeting.

Mick Davis will not participate in the Revised Management Incentive Arrangements (i.e. the retention awards (described on pages 305 and 306 of the Original Prospectus) as amended, to be paid in the form of Glencore Shares (as described on pages 7 to 10 of the First Supplementary Prospectus and below) and the guaranteed awards granted under the Glencore Performance Share Plan (as described on page 307 of the Original Prospectus and pages 7 to 10 of the First Supplementary Prospectus)).

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<sup>1</sup> Based on the number of Glencore Shares in issue on 23 October 2012 (the latest practicable date prior to publication of this document), the maximum number of the New Glencore Shares to be issued pursuant to the Merger and the Closing Price of 342.9 pence per Glencore Share on 23 October 2012.

<sup>2</sup> This statement is not intended to be a profit forecast nor should it be interpreted to mean that the future earnings per share of Glencore will necessarily match or exceed the historical earnings per share of Glencore or Xstrata.

The agreement entered into between Mick Davis and Glencore in connection with the Merger on 6 February 2012 (and as amended on the basis described in the First Supplementary Prospectus) has been terminated and Mick Davis has waived his rights to the retention awards to be granted under the New Xstrata 2012 Plan (as defined and described in the First Supplementary Prospectus) and therefore the terms of the Revised New Xstrata 2012 Plan do not allow for the grant of retention share awards to Mick Davis.

Mick Davis's existing employment with the Xstrata Group will terminate on the Effective Date. Mick Davis will receive a sum equal to annual salary, 2011 bonus and other benefits and pension allowance (which is quantified at £9,598,475), in accordance with the terms of his existing employment contract with the Xstrata Group originally entered into in 2002 (and amended in May 2010). Mick Davis's entitlements to contributions under his retirement benefit plan will be paid in accordance with the plan rules, which may, depending on actuarial advice, result in Mick Davis receiving a funding contribution at the Effective Date so that the accumulated funding of his target retirement benefit at that time is at least equal to the past service cost of that benefit. No further termination payment will be payable at the end of the six-month contract with the Combined Group. Details of the new arrangements for Mick Davis are set out in paragraph 4 of Part III (*Additional Information*) of this document.

In order to provide investors with a complete description of the Revised Management Incentive Arrangements, set out below is a consolidated description of the proposed Management Incentive Arrangements set out in paragraph 7 of Part XI (*Additional Information*) of the Original Prospectus, as supplemented by the First Supplementary Prospectus, and as amended in this document, which shall constitute the Revised Management Incentive Arrangements.

#### ***Contracts of employment with the Combined Group***

All members of Xstrata's Management (other than Mick Davis) have entered into individual contracts of employment with the Combined Group to replace the conditional contracts entered into on 6 February 2012. These new contracts shall take effect immediately following the Effective Date but only if the resolution is passed by Xstrata Independent Shareholders at the Further Xstrata General Meeting to approve the Revised Management Incentive Arrangements. These new contracts of employment reflect the fact that Mick Davis will cease to be a director of the Combined Entity and Chief Executive Officer of the Combined Group and that this will no longer constitute an amendment to the agreed governance structure, which would otherwise have been a "valid reason" for such members of Xstrata's Management to terminate their new contracts of employment.

As regards all other participants in the Revised Management Incentive Arrangements, the employment agreements under which such individuals will be entitled to the Revised Management Incentive Arrangements have all been amended to reflect the fact that Mick Davis will cease to be a director of the Combined Entity and Chief Executive Officer of the Combined Group. This will no longer constitute an amendment to the agreed governance structure and therefore will not be a circumstance which could result in immediate vesting of the retention share awards under the Revised New Xstrata 2012 Plan. As stated above, such relevant individuals will only be entitled to the Revised Management Incentive Arrangements if the Scheme becomes Effective and a resolution is passed by Xstrata Independent Shareholders at the Further Xstrata General Meeting to approve the Revised Management Incentive Arrangements.

#### ***Proposed retention award element of Revised Management Incentive Arrangements and the Revised New Xstrata 2012 Plan***

Each member of Xstrata's Management (other than Mick Davis) and the Xstrata Senior Employees have been offered retention measures to, in each case, motivate them to remain in position after the completion of the Merger and contribute to the execution of the Combined Group's business strategy. This is in addition to entitlements to salary, benefits and any discretionary performance bonuses (which are subject to the satisfaction of relevant performance conditions) that are payable pursuant to the terms of each relevant individual's revised or, in the case of Xstrata's Management, new contract of employment with the Combined Group. Details of the maximum amounts payable to the members of Xstrata's Management (other than Mick Davis) and the Xstrata Senior Employees in relation to these retention awards are set out below under the sub-paragraph entitled "Summary of

Revised Management Incentive Arrangements” at the end of this paragraph 7. Payment of all retention awards will be in tranches following completion of the Merger. The value of each tranche of a retention award is equal to the total of an individual’s current annual salary, pension and other benefits, and the bonus awarded in February 2012 in respect of performance during the financial year ended 31 December 2011, except in the case of Santiago Zaldumbide, who does not receive retirement or other benefits. As a result, the value of each tranche of Santiago Zaldumbide’s retention award is equal to 150 per cent. of his current annual salary and the bonus awarded in February 2012 in respect of performance during the financial year ended 31 December 2011. The payment of each retention award is conditional upon the Scheme becoming effective, the Revised Management Incentive Arrangements being passed by eligible Xstrata Shareholders at the Further Xstrata General Meeting and the individual not being dismissed for cause in accordance with his or her employment contract before the date of payment of the award.

The retention awards payable to Xstrata’s Management (other than Mick Davis) and the Xstrata Senior Employees will be paid entirely in the form of an award over or in respect of Xstrata Shares which will convert into an award over Glencore Shares at the Effective Date on the same basis as under the revised and final terms of the Merger. The Xstrata Shares in respect of which the awards will be granted will have, on the grant of the awards, a market value equal to the value of the retention awards under the Management Incentive Arrangements as originally proposed and as described above.

Vesting of the retention awards for each of the members of Xstrata’s Management (other than Mick Davis), but not for the Xstrata Senior Employees, will be subject to performance conditions based on realising additional Merger Related Savings over the two years following the Effective Date. Full vesting will be achieved if Merger Related Savings of at least US\$300 million over and above the US\$50 million cost savings identified in the EBITDA synergies estimate for the first full year of the Combined Group following the Effective Date are realised over the two years following the Effective Date.<sup>3</sup> A committee comprising all of the independent non-executive directors of the Combined Entity will oversee a process to verify the achievement of additional Merger Related Savings and will appoint an international accounting firm, which is independent of the Combined Group, to provide an independent assessment of performance against the Merger Related Savings target.

In the case of Xstrata’s Management (other than Mick Davis) up to a maximum of fifty per cent. of the total share award will be available to vest at the first anniversary of the Effective Date. Vesting will be on a straight line basis for Merger Related Savings over and above the threshold savings target of US\$50 million, with full vesting at the first anniversary of the Effective Date if a total of US\$150 million of Merger Related Savings are realised in the first year. The percentage of the total award remaining unvested after the first anniversary of the Effective Date will be available to vest at the second anniversary of the Effective Date subject to the level of Merger Related Savings realised over the two year period, with full vesting only occurring if at least US\$300 million of Merger Related Savings are achieved in aggregate over and above the threshold savings target of US\$50 million included in the previously announced EBITDA synergy estimate at a run rate of at least US\$500 million per annum in the first full year of the Combined Group following the Effective Date.<sup>4</sup>

In the case of the Xstrata Senior Employees, the retention share awards will vest in equal tranches on the first and second anniversaries of the Effective Date and will not be subject to any performance conditions.

Vesting of the retention share awards will be accelerated if an individual’s employment is terminated at any time for any reason (other than if he is dismissed for cause in accordance with his contract of employment) or if the individual resigns for a “valid reason”. A valid reason will exist if the individual cannot in good faith be expected to continue in employment, including but not limited to if there is a material change to the terms of his employment

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<sup>3</sup> None of the above cost savings targets are intended as a profit forecast or profit estimate and no statement in relation to them should be interpreted to mean that earnings per share for Glencore Shareholders or Xstrata Shareholders will necessarily be greater than those for the year ended 31 December 2011.

<sup>4</sup> None of the above cost savings targets are intended as a profit forecast or profit estimate and no statement in relation to them should be interpreted to mean that earnings per share for Glencore Shareholders or Xstrata Shareholders will necessarily be greater than those for the year ended 31 December 2011.



and benefits or compensation, Glencore ceasing to comply with the governance structure as set out in the announcement of the Merger made on 1 October 2012 and a change of control of the Combined Entity after the Effective Date. In such circumstances, the vesting of any such award will not be subject to any performance conditions.

The retention share awards will be granted at the conclusion of the Further Xstrata General Meeting, assuming the resolution to approve Revised Management Incentive Arrangements is passed and will be conditional upon the Merger becoming Effective.

The retention share awards will be granted to each relevant individual over a fixed number of Xstrata Shares which will have a market value, on the grant of the awards, equal to the value of the retention award under the Management Incentive Arrangements as originally proposed and as described above. The value of the Xstrata Shares will be determined by reference to the average of the middle market closing price of an Xstrata Share over the seven dealing days immediately before the Further Xstrata General Meeting, subject to a minimum value of 705 pence per Xstrata Share.

As from the Effective Date the retention share awards will, under the terms of the Revised New Xstrata 2012 Plan, automatically become awards over Glencore Shares. The number of Glencore Shares will be determined by reference to the number of New Glencore Shares to which a Scheme Shareholder will be entitled for each Scheme Share held at the Scheme Record Time under the revised and final terms of the Merger. Glencore has agreed to the rules of the Revised New Xstrata 2012 Plan and has acknowledged that awards granted under it will confer rights in relation to Glencore Shares at the relevant time.

If the relevant performance conditions described above are met and any retention awards vest, since the relevant retention share awards will be paid in shares rather than in cash, the value of the relevant retention share awards will be dependent upon the market value of Glencore Shares at the time of vesting of those awards.

It is proposed that the maximum number of Xstrata Shares needed to satisfy the retention share awards (not exceeding 20,155,462 Xstrata Shares) will be issued to an employee benefit trust and will be subject to the terms of the Scheme. The resulting Glencore Shares that will then be held in the trust will be transferred to individuals immediately after their retention share awards have vested. On vesting of a retention share award, individuals will be entitled to receive dividend equivalent payments in respect of the Glencore Shares that vest.

The terms of the Revised New Xstrata 2012 Plan have been amended to reflect the fact that Mick Davis will cease to be a director of the Combined Entity and Chief Executive Officer of the Combined Group after the initial six months following the Effective Date, and this will no longer constitute an amendment to the agreed governance structure and therefore not a circumstance which could result in immediate vesting of the retention share awards under the Revised New Xstrata 2012 Plan. A retention share award will lapse to the extent it has not already vested if a participant ceases to be employed in the Combined Group for any other reason.

If there is a change of control or a scheme of arrangement of the Combined Entity, the retention share awards will automatically be rolled over into equivalent unvested awards over the acquiring company's shares and the committee may make such changes to the vesting conditions as it considers appropriate in the circumstances.

The adoption of the Revised New Xstrata 2012 Plan is subject to the passing of the resolution at the Further Xstrata General Meeting to approve the Revised Management Incentive Arrangements.

#### ***Payments in respect of contractual provisions***

The existing employment contracts of Xstrata's Management provide for a contractual severance payment to be made if employment is terminated in certain circumstances, including if the individual terminates his employment for a "valid reason" (as defined in the contract). This includes circumstances where an employee cannot in good faith be expected to continue in employment, for example if there is a diminution in his role or duties. To secure their transition into the Combined Group, Xstrata has agreed to compensate each member of Xstrata's Management (other than Mick Davis) by paying an amount equal to the amount to which he would have been entitled on

termination of his employment for a “valid reason” under his contractual provision. Payment is conditional upon the Scheme becoming effective, the resolution to approve the Revised Management Incentive Arrangements being passed by eligible Xstrata Shareholders at the Further Xstrata General Meeting and on the individual being in employment with the Combined Group on the Effective Date.

Trevor Reid and Santiago Zaldumbide will not be appointed to the board of the Combined Group. Accordingly, Xstrata has agreed to make a payment to “buy out” Trevor Reid’s and Santiago Zaldumbide’s contractual right to receive a severance payment which may have been triggered in the circumstances of the Merger, in an amount of £5,451,848 in the case of Trevor Reid and £3,942,785 in the case of Santiago Zaldumbide.

The Xstrata Senior Employees’ current employment contracts with the Xstrata Group are similar to the existing employment contracts of Xstrata’s Management, including in relation to the termination rights. Arrangements structured in a similar way to those proposed above for Xstrata’s Management (other than Mick Davis) have been put in place for 27 Xstrata Senior Employees, each of whom is considered to be key to the execution of the Combined Group’s business strategy. These arrangements seek to ensure that none of this group of senior employees terminates his/her contract of employment with the Xstrata Group prior to the completion of the Merger. Payment to each eligible Xstrata Senior Employee is conditional upon completion of the Merger and on the individual being in employment with the Combined Group on the Effective Date. Details of the amounts payable to members of Xstrata’s Management (other than Mick Davis) and the Xstrata Senior Employees in relation to these payments and arrangements are set out below under the sub-paragraph entitled “Summary of Management Incentive Arrangements” of this paragraph 7. Should the resolution to approve the Revised Management Incentive Arrangements not be passed at the Further Xstrata General Meeting, the existing employment contracts and arrangements of Xstrata’s Management (other than Mick Davis) and Xstrata Senior Employees will remain in place.

***Xstrata Long Term Incentive Plan and Glencore Performance Share Plan***

On completion of the Merger, the Xstrata LTIP will terminate. Participants in the Xstrata LTIP will be eligible for awards under the Glencore Performance Share Plan, on and subject to the terms of that plan from 2013. Awards will be granted in the normal grant period following the announcement of Glencore’s results for the financial year ending 31 December 2012. Glencore has agreed, subject to the Scheme becoming effective and the resolution to approve the Revised Management Incentive Arrangements being passed by eligible Xstrata Shareholders at the Further Xstrata General Meeting, to grant share awards under the Glencore Performance Share Plan to members of Xstrata’s Management (other than Mick Davis) for the financial year ending 31 December 2012, the value of which, expressed as a multiple of each individual’s salary, will be at least equal to the multiple of salary represented by the share award granted to the individual under the Xstrata LTIP in February 2012. These awards will be subject to objective performance conditions over a period of at least 3 years. These individuals will also be eligible to participate in the Glencore Performance Share Plan in future years, albeit without a guaranteed base level of award.

The salary multiples for the awards granted to each of Trevor Reid and Santiago Zaldumbide under the Xstrata LTIP in February 2012 are as follows:

Trevor Reid .....	400%
Santiago Zaldumbide .....	300%

### **Summary of Revised Management Incentive Arrangements**

Set out below is a summary of the payments to be made to (a) each of the Xstrata Executive Directors (other than Mick Davis), (b) Xstrata's Management (other than Mick Davis), and (c) the Xstrata Senior Employees in connection with the Revised Management Incentive Arrangements.

	Value of retention awards to be paid entirely in or in respect to shares <sup>(1)</sup>			Payments in respect of contractual provisions <sup>(2)</sup> 2012	Indicative value of award at grant under 2013 Glencore Performance Share Plan <sup>(3)</sup>
	2013	2014	2015		
Mick Davis <sup>(4)</sup> .....	N/A	N/A	N/A	N/A	N/A
Trevor Reid .....	£5,451,848	£5,451,848	N/A	£5,451,848	£3,260,000
Santiago Zaldumbide .....	£3,942,785	£3,942,785	N/A	£3,942,785	£2,600,000
Xstrata's Management (other than Mick Davis) <sup>(5)(6)</sup> .....	£16,088,493	£16,088,493	N/A	£16,088,493	£13,750,000
Xstrata Senior Employees <sup>(7)(8)</sup> ....	£46,447,660	£46,447,660	N/A	£19,006,927	N/A

Notes:

- (1) The retention award amounts set out in the table above (other than in respect of the Xstrata Senior Employees) would be subject to performance conditions based on realising additional Merger Related Savings in the two years following the Effective Date. The number of shares to be awarded under the Revised Management Incentive Arrangements will be determined by reference to the average of the closing prices of Xstrata Shares over the seven dealing days immediately before the Further Xstrata General Meeting, subject to a minimum value of 705 pence per Xstrata Share. If the relevant performance conditions described above are met and any retention awards vest, since relevant retention awards will be paid in shares, the value of relevant vested retention awards will be dependent upon the market value of Glencore Shares at the time of vesting of those awards.
- (2) Maximum aggregate amount payable.
- (3) The amounts stated are indicative only. No value is realised on completion of the Merger and relevant awards may never vest. Vesting of awards will be subject to performance conditions in line with the Combined Group's strategy. These awards will be subject to objective performance conditions over a period of at least 3 years. On completion of the Merger, the Xstrata LTIP will terminate. Participants in the Xstrata LTIP will be eligible for awards under the Glencore Performance Share Plan, on and subject to the terms of that plan from 2013. Amounts stated are the product of respective current annual salary converted into Sterling at prevailing foreign exchange rates and the multiple of salary awarded to the respective individuals under the Xstrata LTIP in February 2012. The value of awards granted under the Glencore Performance Share Plan in 2013 will be at least the product of respective 2013 annual salary converted into Sterling and the multiple of salary awarded to the respective individuals under the Xstrata LTIP in February 2012, being, in the case of Trevor Reid, 400 per cent., in the case of Santiago Zaldumbide, 300 per cent., and, in the case of the other members of Xstrata's Management, between 285 and 400 per cent. (and, on average, 351 per cent.).
- (4) Mick Davis will not be entitled to receive any of the retention awards or any of the awards to be granted under the 2013 Glencore Performance Share Plan.
- (5) Excluding the Xstrata Executive Directors.
- (6) Peet Nienaber retired from the Xstrata Group on 30 September 2012. Consequently, he will not be entitled to receive any element of the Revised Management Incentive Arrangements. Therefore, the aggregate amounts potentially payable to Xstrata's Management (other than Mick Davis) shown in the above table will be reduced accordingly. Also see note (7) below in relation to the payments to the Xstrata Senior Employees.
- (7) A senior member of the Alloys management team who has assumed greater responsibility following Peet Nienaber's retirement will participate in the Revised Management Incentive Arrangements to an extent relative to his existing employment contract reward arrangements. The value of such Revised Management Incentive Arrangements for this individual represents a portion of the value of the Management Incentive Arrangements to which Peet Nienaber was previously entitled. The remaining value of Peet Nienaber's Management Incentive Arrangements will not be re-allocated. Therefore, the aggregate amounts potentially payable to the Xstrata Senior Employees shown in the above table will be increased accordingly.

- (8) 65 employees in total are eligible to receive retention awards. Of those 65 employees, 27 are eligible to receive payments in respect of contractual provisions.

## 8 Implementation of the Merger

It is intended that the Merger will be implemented by way of a Court sanctioned scheme of arrangement between Xstrata and the Scheme Shareholders under Part 26 of the UK Companies Act.

Under the revised terms of the Merger, the passing of the resolution to approve the Revised Management Incentive Arrangements by Xstrata Independent Shareholders at the Further Xstrata General Meeting will no longer be a condition to the Merger proceeding, meaning that the Merger may proceed if a requisite number of eligible Xstrata Shareholders approve the Scheme even if the Revised Management Incentive Arrangements are not approved.

The Independent Non-Executive Xstrata Directors, with the agreement of Glencore, have proposed a voting structure which allows eligible Xstrata Shareholders to express their views on the Scheme as follows:

- (i) in favour of the Scheme, irrespective of whether or not the Revised Management Incentive Arrangements are approved;
- (ii) in favour of the Scheme, but only if the Revised Management Incentive Arrangements are approved;
- (iii) in favour of the Scheme, but only if the Revised Management Incentive Arrangements are not approved; or
- (iv) not in favour of the Scheme, irrespective of whether or not the Revised Management Incentive Arrangements are approved.

In order to achieve this, two resolutions will be proposed at the New Xstrata Court Meeting, the first of which is to approve the Scheme subject to the resolution to approve the Revised Management Incentive Arrangements to be proposed at the Further Xstrata General Meeting being passed, and the second of which is to approve the Scheme subject to the resolution to approve the Revised Management Incentive Arrangements to be proposed at the Further Xstrata General Meeting not being passed. The Independent Non-Executive Xstrata Directors have unanimously recommended that eligible Xstrata Shareholders vote in favour of the first Scheme resolution (and each of the resolutions to be proposed at the Further Xstrata General Meeting) but against the second Scheme Resolution.

The Merger will lapse and will not proceed if:

- (a) the first Scheme resolution is passed by the requisite majorities but does not become effective because the condition to it becoming effective (being the resolution to approve the Revised Management Incentive Arrangements being passed) is not satisfied as the resolution to approve the Revised Management Incentive Arrangements is not passed by the requisite majority at the Further Xstrata General Meeting, *unless*, in those circumstances, the second Scheme resolution is passed by the requisite majorities; or
- (b) the second Scheme resolution is passed by the requisite majorities but does not become effective because the condition to it becoming effective (being the resolution to approve the Revised Management Incentive Arrangements not being passed) is not satisfied as the resolution to approve the Revised Management Incentive Arrangements is passed by the requisite majority at the Further Xstrata General Meeting, *unless*, in those circumstances, the first Scheme resolution is passed by the requisite majorities.

If both Scheme resolutions are passed by the requisite majorities then:

- (a) the first Scheme resolution will become effective if the resolution to approve the Revised Management Incentive Arrangements is passed by the requisite majority at the Further Xstrata General Meeting and the second Scheme resolution will be disregarded; or
- (b) the second Scheme resolution will become effective if the resolution to approve the Revised Management Incentive Arrangements is not passed by the requisite majority at the Further Xstrata General Meeting and the first Scheme resolution will be disregarded,

and in each case the Merger will proceed and will not lapse.

The voting structure of the Scheme may be amended if required by the Court or otherwise only with each of Xstrata's and Glencore's written consent and, in each case, with the consent of the Panel (where necessary).

## **9 Antitrust approvals**

Merger control approvals have now been obtained from the majority of relevant antitrust and regulatory authorities. The merger review process is still ongoing in the EU, China and South Africa. Glencore and Xstrata continue to expect to receive all relevant merger control approvals to enable completion of the Merger before 31 December 2012.

Glencore notified the Merger to the European Commission on 2 October 2012 (which commenced the Phase I review process during which the European Commission has 25 working days (i.e. until 8 November 2012) to consider the Merger). As explained in the Original Prospectus, the Phase I process will be automatically extended to 35 working days (i.e. until 22 November 2012) in the event that Glencore offers commitments in relation to the Combined Group before working day 20, with a view to remedying any antitrust concerns raised by the European Commission. At the end of the Phase I period, the European Commission may (a) approve the Merger unconditionally, (b) approve the Merger subject to commitments in relation to the Combined Group offered by Glencore and accepted by the European Commission, or (c) conclude that it has serious doubts as to the Merger's compatibility with the common market and therefore refer the case to Phase II. The Merger will automatically lapse if the Merger or any matters arising from it are referred by the European Commission to a Phase II investigation prior to the New Xstrata Court Meeting. The Merger will also lapse if Glencore invokes the relevant Condition as a result of either the Merger or any matter arising from it being referred by the European Commission to a Phase II investigation after the New Xstrata Court Meeting, or as a result of the Merger being approved by the European Commission on terms (including as to remedies) which are not reasonably satisfactory to it.

## **10 Irrevocable undertakings**

Glencore has received irrevocable undertakings from those of the Independent Xstrata Directors who hold or are beneficially entitled to Xstrata Shares to vote in favour of the first Scheme resolution to be proposed at the New Xstrata Court Meeting (which is to approve the Scheme subject to the resolution to approve the Revised Management Incentive Arrangements being passed) and in favour of each resolution to be proposed at the Further Xstrata General Meeting in respect of 3,519,387 Xstrata Shares, representing in aggregate approximately 0.1 per cent. of Xstrata's existing issued share capital.

Those of the Directors who hold or are beneficially entitled to Glencore Shares and the Principal Glencore Shareholders have given irrevocable undertakings to vote in favour of the Resolutions in respect of an aggregate number of 2,691,111,828 Glencore Shares, representing approximately 37.9 per cent. of Glencore's existing issued share capital. These irrevocable undertakings also apply in respect of Resolutions 1 and 3, each as proposed to be amended as set out in paragraph 3.3 of Part III (*Additional Information*) of this document.

## **11 Dilution**

Subject to the Merger becoming Effective, up to 6,226,320,817 New Glencore Shares will be issued. This will result in Glencore's issued share capital increasing by approximately 87.7 per cent. If the Merger becomes Effective, Glencore Shareholders will suffer an immediate dilution as a result of the Merger following which they will hold approximately 53.3 per cent. of the Combined Group Ordinary Share Capital.

## **12 Current trading, trends and prospects**

On 7 August 2012 Xstrata published its half-yearly results for the six months ended 30 June 2012. Xstrata released its interim management statement for the third quarter of 2012 on 17 October 2012. As stated in Xstrata's interim

management statement of 17 October 2012, lower coking and spot thermal coal prices have negatively impacted Xstrata Coal's earnings in the period from 1 July 2012. In response to industry-wide pressures, including low coal prices, high input costs and a strong Australian dollar against the US dollar, Xstrata Coal has initiated a planned restructuring of its business in Australia, including the reduction of around 600 contractor and permanent positions.

On 21 August 2012 Glencore published its interim results for the six months ended 30 June 2012. Glencore expects to release its interim management statement for the third quarter of 2012 on or about 1 November 2012.

Despite the continued global economic uncertainty and the resultant negative sentiment, it remains Glencore's view that commodity inventories are generally low, both on exchanges and within supply chains. Glencore continues to see strong underlying long-term fundamentals for the major commodities that would be produced and marketed by the Combined Group.

### **13 Kazzinc transaction**

On 24 September 2012, Glencore announced certain amendments to the Kazzinc transaction disclosed on page 60 of the Original Prospectus. As a result of these amendments, the original share purchase agreements disclosed on page 327 of the Original Prospectus were terminated and, on 24 September 2012, Glencore and Verna Capital, acting in the interests of Verna Investments, entered into a new single share purchase agreement (the "New Agreement"). Further detail on the New Agreement is set out in paragraph 10.1.2 of Part III (*Additional Information*) of this document.

Pursuant to the New Agreement, on 11 October 2012, Glencore announced the completion of the purchase of an 18.91 per cent. ownership interest in Kazzinc from Verna Investments by the Glencore Group in consideration for the issue of 176,742,520 new Glencore Shares and payment of cash consideration of US\$400 million.

The Kazzinc Consideration Shares were admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities on 11 October 2012 and were admitted to listing on the Main Board of the Hong Kong Stock Exchange on 12 October 2012.

This transaction has increased the Glencore Group's ownership interest in Kazzinc to 69.61 per cent.

**PART II**  
**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMBINED GROUP**

**Section A: Unaudited pro forma financial information of the Combined Group**

The unaudited pro forma statement of net assets of the Combined Group has been based on the net assets of the Glencore Group as at 30 June 2012 and prepared on the basis of the notes set out below. The unaudited pro forma statement of net assets has been prepared to illustrate the effect of the Merger on the net assets of the Glencore Group as if the Merger had taken place on 30 June 2012.

The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Glencore Group in preparing the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2012.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not reflect the Combined Group's actual financial position or results.

Note	Adjustments						Pro forma net assets of the Combined Group as at 30 June 2012
	Glencore Group net assets as at 30 June 2012 (as reported)	Xstrata Group net assets as at 30 June 2012 (as reported)	Accounting policy alignment adjustments	Alignment of balance sheet captions adjustments	Intra-group adjustments	Acquisition accounting adjustments	
	1	2	3	4	5	6	7
<b>Assets</b>							
<b>Non-current assets</b>							
Intangible assets.....	1,221	7,813	(1,644)	0	0	1,369	8,759
Property, plant and equipment .....	20,250	55,166	(9,663)	27	0	0	65,780
Biological assets .....	0	23	0	(23)	0	0	0
Inventories .....	0	4	0	(4)	0	0	0
Accounts receivable.....	0	345	(23)	(322)	0	0	0
Investments in associates and jointly controlled entities .....	18,725	1,192	9,883	0	(16,556)	0	13,244
Other investments .....	1,517	246	0	0	0	0	1,763
Derivative financial assets .....	0	632	0	(632)	0	0	0
Advances and loans and other financial assets.....	3,910	754	(3)	991	0	0	5,652
Prepayments .....	0	37	0	(37)	0	0	0
Deferred tax assets.....	1,361	840	(9)	0	0	0	2,192
	<u>46,984</u>	<u>67,052</u>	<u>(1,459)</u>	<u>0</u>	<u>(16,556)</u>	<u>1,369</u>	<u>97,390</u>
<b>Current assets</b>							
Inventories .....	16,045	5,664	(311)	0	0	0	21,398
Accounts receivable.....	23,459	3,400	(434)	0	(1,005)	0	25,420
Other financial assets .....	5,286	92	0	0	0	0	5,378
Prepaid expenses .....	354	247	(5)	0	0	0	596
Marketable securities .....	45	0	0	0	0	0	45
Cash and cash equivalents.....	1,492	1,646	(304)	0	0	(86)	2,748
	<u>46,681</u>	<u>11,049</u>	<u>(1,054)</u>	<u>0</u>	<u>(1,005)</u>	<u>(86)</u>	<u>55,585</u>

Note	Adjustments						Pro forma net assets of the Combined Group as at 30 June 2012
	Glencore Group net assets as at 30 June 2012 (as reported)	Xstrata Group net assets as at 30 June 2012 (as reported)	Accounting policy alignment adjustments	Alignment of balance sheet captions adjustments	Intra-group adjustments	Acquisition accounting adjustments	
	1	2	3	4	5	6	7
				(U.S.\$ million)			
Assets held for sale .....	0	33	0	0	0	0	33
Total assets .....	93,665	78,134	(2,513)	0	(17,561)	1,283	153,008
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Accounts payable.....	0	72	0	(72)	0	0	0
Borrowings .....	20,490	10,744	(36)	0	0	0	31,198
Deferred income .....	712		0	0	0	0	712
Derivative financial liabilities	0	435	0	(435)	0	0	0
Other financial liabilities.....	419	739	0	516	0	0	1,674
Provisions .....	1,296	3,758	(111)	761	0	0	5,704
Pension deficit .....	0	761	0	(761)	0	0	0
Deferred tax liabilities .....	2,639	6,142	(1,830)	0	0	0	6,951
Other liabilities .....	0	9	0	(9)	0	0	0
	25,556	22,660	(1,977)	0	0	0	46,239
<b>Current liabilities</b>							
Accounts payable.....	18,660	4,490	(340)	53	(1,005)	0	21,858
Borrowings .....	8,822	2,454	(160)	0	0	0	11,116
Commodities sold with agreements to repurchase .....	0	0	0	0	0	0	0
Deferred income .....	126	0	0	0	0	0	126
Other financial liabilities.....	5,375	16	0	0	0	0	5,391
Provisions .....	90	710	(69)	0	0	0	731
Income taxes payable .....	188	373	33	0	0	0	594
Other liabilities .....	0	53	0	(53)	0	0	0
	33,261	8,096	(536)	0	(1,005)	0	39,816
Liabilities held for sale.....	0	19	0	0	0	0	19
<b>Total net assets .....</b>	<b>34,848</b>	<b>47,359</b>	<b>0</b>	<b>0</b>	<b>(16,556)</b>	<b>1,283</b>	<b>66,934</b>

Notes:

- (1) The consolidated net assets of the Glencore Group as at 30 June 2012 have been extracted without adjustment from the 2012 unaudited interim condensed consolidated financial statements of the Glencore Group, which are incorporated by reference in the Third Supplementary Prospectus.
- (2) The consolidated net assets of the Xstrata Group as at 30 June 2012 have been extracted without adjustment from 2012 unaudited interim condensed consolidated financial statements of the Xstrata Group, which are incorporated by reference in the Second Supplementary Prospectus.



- (3) The adjustment reflects the difference in accounting policy the two groups applied to joint venture entities. The Glencore Group accounts for its joint venture entities using the equity method of accounting where the share of the joint venture entities' income and expenses is aggregated in a single line item in the income statement and where the share of the joint venture entities' assets and liabilities are presented on a net basis in one line in the statement of financial position. The Xstrata Group applies the proportionate consolidation method, where the share of the joint venture entities' income, expenses, assets and liabilities are presented on a line by line basis in the statement of income statement and the statement of financial position. Both methods are allowed under IAS 31—Interests in Joint Ventures. There is no impact on consolidated profit for the year or consolidated total equity for the periods presented from the change in presentation of the Xstrata Group's interests in joint venture entities from the proportionate consolidation method to the equity method of accounting.

This adjustment relates primarily to three of the Xstrata Group's joint ventures: Cerrejon, Antamina and Collahuasi Joint Ventures, which are proportionately consolidated under the Xstrata Group's accounting policies. The Cerrejon Joint Venture would be accounted for as an associate under the Glencore Group's accounting policies using the equity method. Antamina and Collahuasi would be accounted for as equity accounted joint ventures under the Glencore Group's accounting policies.

- (4) Summarisation of certain balance sheet items in order to present the Xstrata Group balance sheet on a consistent basis to the Glencore Group:
- (a) Non-current assets:
- (i) Biological assets (U.S.\$23 million) and Inventories (U.S.\$4 million) have been included within Property, plant and equipment (U.S.\$27 million).
- (ii) Accounts receivable (U.S.\$322 million), Derivative financial assets (U.S.\$632 million) and Prepayments (U.S.\$37 million) have been included within Advances and loans and other financial assets (U.S.\$991 million).
- (b) Non-current liabilities:
- (i) Accounts payable (U.S.\$72 million), Derivative financial liabilities (U.S.\$435 million) and Other liabilities (U.S.\$9 million) have been included within Other financial liabilities (U.S.\$516 million).
- (ii) Pensions deficit (U.S.\$761 million) has been included within Provisions (U.S.\$761 million).
- (c) Current liabilities: Other liabilities (U.S.\$53 million) have been included within Accounts payable (U.S.\$53 million)
- (5) These adjustments reflect the impact of eliminating intra-group accounts receivable, accounts payable and the carrying value of Glencore's investment in Xstrata as at 30 June 2012.
- (6) (a) The unaudited pro forma statement of net assets has been prepared on the basis that the Merger will be treated as an acquisition of Xstrata by Glencore in accordance with IFRS 3—Business Combinations. The pro forma consolidated statement of net assets does not reflect the fair value adjustments to the acquired assets and liabilities assumed as the fair value measurement of these items will only be performed subsequent to Closing. For purposes of the pro forma, the excess purchase consideration over the book value of the net assets acquired has been attributed to goodwill and no pro forma impairment charge has been applied to the goodwill balance in the period presented. The fair value adjustments, when finalised post acquisition, may be material. The preliminary goodwill arising has been calculated as follows:

	<i>(U.S.\$m)</i>
Total consideration transferred <sup>(i)</sup> .....	33,020
Add fair value of previously held interest in Xstrata <sup>(ii)</sup> .....	15,708
Less book value of net assets acquired .....	47,359
Goodwill (before measurement of the assets acquired and liabilities assumed at their fair value on the Effective Date) .....	1,369

Notes:

- (i) The calculation of consideration is based on the Closing Price of Glencore’s ordinary shares of 342.9 pence on 23 October 2012 and a USD/GBP exchange rate of 1.5931, both references being the latest practicable date prior to publication of this document, and assumes that there will be 1,943,205,386 Xstrata Shares in issue not already owned by Glencore or held by Xstrata at completion and that each Xstrata Share will be exchanged for 3.05 Glencore Shares plus the fair value of Xstrata’s share options which are expected to be exchanged for New Glencore Options as outlined in paragraph 5 of Part III (*Additional Information*) of this document.
- (ii) The fair value of Glencore’s previously held interest in Xstrata is based on the Closing Price of Xstrata’s ordinary shares of 975.9 pence on 23 October 2012 and a USD/GBP exchange rate of 1.5931, both references being the latest practicable date prior to publication of this document, and assumes that Glencore owns 1,010,403,999 shares of Xstrata.
- (b) For purposes of the unaudited pro forma consolidated statement of net assets, transaction costs expected to be incurred by Glencore as a result of the Merger of approximately U.S.\$86 million have been deducted from cash and cash equivalents.
- (7) No adjustments have been made to the unaudited pro forma consolidated statement of net assets to reflect transactions or activities such as post 30 June 2012 trading results, any expected synergies or costs savings or any other transaction of the Glencore Group or the Xstrata Group since 30 June 2012.
- (8) As stated in Note (3) above, the current IAS 31—Interests in Joint Ventures allows a choice of accounting methods to be applied for interests in joint ventures of either the equity or proportionate consolidation methods. It is expected that, in 2012, the European Union (“EU”) will endorse the adoption of IFRS 10—Consolidated Financial Statements (“IFRS 10”), IFRS 11—Joint Arrangements (“IFRS 11”) and IFRS 12—Disclosure of Interests in Other Entities (“IFRS 12”), which will provide the Combined Group with the opportunity for early adoption in the Combined Group’s 2012 accounts.

The most significant impact on the Combined Group of early adoption of these new standards is the determination of joint arrangements (“JAs”), the identification of the type of JA entered into as either a joint venture (“JV”) or a joint operation (“JO”) and the subsequent accounting treatment applied. IFRS 11 requires a more prescriptive principle-based approach be taken in determining the type of JA the entity participates in and removes the option for proportionately consolidating joint venture entities (“JVEs”). Under the new standards, significant changes are expected as five of the Combined Group’s JVEs (including Collahuasi and Antamina), currently accounted for using the equity accounting method, will no longer be classified as JVEs but rather as JOs and will therefore be proportionately consolidated.

As the EU has not endorsed these standards at the date of this document, the Combined Group will not be able to early adopt these policies in its 2012 financial statements or for the purposes of presenting the Historical Financial Information in the Prospectus. Although no definitive decision has yet been made, the Directors and Proposed Directors are currently of the opinion that the Combined Group will early adopt IFRS 10, 11 and 12 if permitted to do so.

Note	Combined Group pro forma net assets as at 30 June 2012	Adjustment	Combined Group pro forma net assets as at 30 June 2012 (adjusted)
	(i)	(ii)	
Non current assets .....	97,390	1,217	98,607
Current assets .....	55,618	764	56,382

(U.S.\$ million)

	<b>Combined Group pro forma net assets as at 30 June 2012</b>	<b>Adjustment</b>	<b>Combined Group pro forma net assets as at 30 June 2012 (adjusted)</b>
		<i>(U.S.\$ million)</i>	
<b>Note</b>	<b>(i)</b>	<b>(ii)</b>	
Total assets .....	153,008	1,981	154,989
Non current liabilities.....	46,239	1,527	47,766
Current liabilities.....	39,835	454	40,289
Total liabilities.....	86,074	1,981	88,055
<b>Total net assets.....</b>	<b>66,934</b>	<b>0</b>	<b>66,934</b>

Notes:

- (i) The unaudited pro forma non-current assets, current assets, total assets, non-current liabilities, current liabilities, total liabilities and net assets of the Combined Group have been extracted from the pro forma statement of net assets as at 30 June 2012 set out above.
- (ii) These adjustments show the impact on the Combined Group of the early adoption of IFRS 10, 11 and 12. The impact illustrates the expected adjustments required to the Combined Group for the proportionate consolidation of Collahuasi and Antamina JOs.

## Section B: Accountant's report on the unaudited pro forma financial information of the Combined Group



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Morgan Stanley & Co. Limited  
25 Cabot Square  
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25 October 2012

Dear Sirs

### **Glencore International plc (the "Company")**

We report on the pro forma financial information (the "Pro forma financial information") set out in Part II (*Section A: Unaudited Pro Forma Financial Information of the Combined Group*) of the supplementary prospectus dated 25 October 2012 (the "Supplementary Prospectus"), which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the annual consolidated financial statements for the year ended 31 December 2011 and the interim condensed consolidated financial statements for the six month period ended 30 June 2012. This report is required by Annex I item 20.2 of Commission Regulation (EC) No. 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of or in accordance with this report or our statement, required by and given solely for the purposes of complying with

Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Supplementary Prospectus.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and, accordingly, should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

With respect to the Pro forma financial information set out in Part II of the Supplementary Prospectus, for the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Supplementary Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Supplementary Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP  
Chartered Accountants

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.*

**Member of Deloitte Touche Tohmatsu Limited**

**PART III**  
**ADDITIONAL INFORMATION**

**1 Responsibility**

Glencore, the Directors and the Proposed Directors, whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of Glencore, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Directors**

<b>Name</b>	<b>Current Position</b>
Simon Murray.....	Independent Non-Executive Chairman
Ivan Glasenberg.....	Chief Executive Officer
Steven Kalmin .....	Chief Financial Officer
Peter Coates.....	Independent Non-Executive Director
Leonhard Fischer.....	Independent Non-Executive Director
Anthony Hayward .....	Senior Independent Non-Executive Director
William Macaulay .....	Independent Non-Executive Director
Li Ning .....	Independent Non-Executive Director

**Proposed Directors**

<b>Name</b>	<b>Current Position at Xstrata</b>
Sir John Bond.....	Independent Non-Executive Chairman
Mick Davis .....	Chief Executive Officer
Con Fauconnier .....	Independent Non-Executive Director
Peter Hooley.....	Independent Non-Executive Director
Sir Steve Robson CB.....	Independent Non-Executive Director
Ian Strachan	Independent Non-Executive Director

**2 Post Third Supplementary Prospectus events**

2.1 On 1 October 2012, Glencore announced that it had, through a wholly-owned subsidiary, entered into a 50-50 joint venture agreement with Kernel Holding S.A. through which it has acquired an interest in a deep sea grain export terminal in Taman port, Russia from the EFKO Group. Located on Russia's Black Sea coast, the port of Taman is in close proximity to Southern Russia's main grain producing region. The grain export terminal has a throughput capacity of 3.0 million MT per annum and will enable Russian grain to be exported throughout the year.

2.2 Glencore will publish its Sustainability Report 2011 in November 2012. Once published, the full report will be available on Glencore's website at [www.glencore.com/sustainability-reporting.php](http://www.glencore.com/sustainability-reporting.php). There were 18 reported fatalities across the Glencore Group in 2011, of whom half were employees and half were

contractors. The fatality frequency rate (FFR) for 2011 was 0.0854, down from a rate of 0.1042 in 2010 and 0.1389 in 2009. Glencore has appointed an independent specialist, DuPont, to review and benchmark its health and safety and environmental policies and procedures. The Company participated in 2012 for the first time in the SAM assessment for the Dow Jones Sustainability Index, scoring 56 out of 100 in its sector against an average score of 48.

### 3 Share capital

3.1 The issued and fully paid share capital of the Company as at 23 October 2012, being the latest practicable date prior to publication of this document, was as follows:

Class of shares	Nominal Value	Number	Amount
Glencore Shares .....	US\$0.01	7,099,456,031	US\$70,994,560.31

3.2 On 11 October 2012, 176,742,520 new Glencore Shares were issued as consideration for the Kazzinc transaction as described in paragraph 13 of Part I (*Supplementary Information*) of this document, immediately following which the issued and fully paid share capital of the Company was US\$70,994,560.31.

3.3 The issued and fully paid share capital of the Company immediately following completion of the Merger is expected to be as follows (assuming (a) that the Xstrata Employee Benefit Trust will be issued with new Xstrata Shares such that it holds sufficient Xstrata Shares at the Scheme Record Time to satisfy (i) all share options outstanding under the Xstrata Share Schemes and (ii) the maximum retention share awards that could be granted under the Revised New Xstrata 2012 Plan, (b) vesting of all share awards held under the Xstrata Share Schemes and such Xstrata Shares being acquired by Glencore, and (c) none of the outstanding Glencore Convertible Bonds are converted):

Class of shares	Nominal Value	Number	Amount
Glencore Shares .....	US\$0.01	13,325,776,848	US\$133,257,768.48

#### 3.4 Shareholder authorities proposed at the Adjourned Glencore General Meeting.

The following resolutions are set out in the Supplementary Circular sent to Glencore Shareholders on the date of this document and it is proposed that these resolutions will be voted on at the New Glencore General Meeting on 20 November 2012 for the purpose of implementing the Merger. As a result of the revised terms of the Merger, it is proposed that each of Resolutions 1 and 3 be amended, as described below, which proposal will be put to Glencore Shareholders in attendance at the Adjourned Glencore General Meeting prior to any vote on the amended form of such Resolutions. The Merger is only conditional on the passing of Resolution 1 set out below.

##### **Resolution 1 (Ordinary Resolution)**

THAT:

- (A) the Merger to be effected pursuant to a Scheme or Merger Offer made by or on behalf of Glencore for the entire issued and to be issued share capital of Xstrata, substantially on the terms and subject to the conditions set out in the Original Circular outlining the Merger and the Original Prospectus (a copy of each of which are produced to the Adjourned Glencore General Meeting and signed for identification purposes by the chairman of the meeting), be and is hereby approved and the Directors (or any duly constituted committee thereof) be authorised to: (i) take all such steps as may be necessary or desirable in connection with, and to implement, the Merger; and (ii) agree such modifications, variations, revisions or amendments to the terms and conditions of the Merger (provided that any such

modifications, variations, revisions or amendments are not a material change to the terms of the Merger for the purposes of Listing Rule 10.5.2), and to any documents relating thereto, as they may in their absolute discretion think fit; and

- (B) subject to and conditional upon the Scheme becoming effective (save for any conditions relating to: (i) the delivery of the orders of the Court sanctioning the Scheme and confirming the reduction of capital in Xstrata to the Registrar of Companies; (ii) registration of such orders by the Registrar of Companies; and (iii) the UK Listing Authority and the London Stock Exchange agreeing to Admission, or, as the case may be, the Merger Offer becoming or being declared wholly unconditional (save for Admission), the Directors be and are hereby generally and unconditionally authorised in accordance with Article 10.1 of the Articles to exercise all powers of Glencore to allot equity securities (as defined in the Articles), credited as fully paid, with authority to deal with fractional entitlements arising out of such allotment as it thinks fit and to take all such other steps as it may deem necessary, expedient or appropriate to implement such allotment in connection with the Merger up to an aggregate nominal amount of US\$56,603,171, and which authority shall expire on the date of the Company's AGM in 2013 or on 30 June 2013, whichever is the earlier (unless previously revoked or varied by Glencore in general meeting), save that Glencore may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

It is intended that Resolution 1 will be put to the Adjourned Glencore General Meeting in an amended form, such that the Directors be authorised to allot up to an aggregate nominal amount of US\$62,263,209 (representing, in aggregate, 6,226,320,817 New Glencore Shares), to reflect the revised ratio of 3.05 New Glencore Shares for each Scheme Share. Accordingly, the resolution will be put to the Adjourned Glencore General Meeting as follows:

“THAT:

- (A) the Merger to be effected pursuant to a scheme of arrangement (the “Scheme”) under Part 26 of the UK Companies Act 2006 (the “Act”) or takeover offer (the “Merger Offer”) made by or on behalf of Glencore for the entire issued and to be issued share capital of Xstrata, substantially on the terms and subject to the conditions set out in the circular to shareholders of Glencore dated 31 May 2012 outlining the Merger, *as supplemented by the supplementary circular dated 25 October 2012* (the “Circular”) and the prospectus prepared by Glencore in connection with the Admission (as defined below) dated 31 May 2012, *as supplemented by the supplementary prospectuses dated 12 July 2012, 7 August 2012, 21 August 2012 and 25 October 2012* (copies of which are produced to the Adjourned Meeting and signed for identification purposes by the chairman of the meeting) be and is hereby approved and the directors of Glencore (the “Directors”) (or any duly constituted committee thereof) be authorised to: (i) take all such steps as may be necessary or desirable in connection with, and to implement, the Merger; and (ii) agree such modifications, variations, revisions or amendments to the terms and conditions of the Merger (provided that any such modifications, variations, revisions or amendments are not a material change to the terms of the Merger for the purposes of Listing Rule 10.5.2), and to any documents relating thereto, as they may in their absolute discretion think fit; and
- (B) subject to and conditional upon the Scheme becoming effective (save for any conditions relating to: (i) the delivery of the orders of the High Court of Justice in England and Wales (the “Court”) sanctioning the Scheme and confirming the reduction of capital in Xstrata to the Registrar of Companies in England *and Wales*; (ii) registration of such orders by the Registrar of Companies in England and Wales; and (iii) the UK Listing Authority and the London Stock Exchange agreeing to admit the ordinary shares of US\$0.01 each in Glencore (the “Ordinary Shares”) to the Official List and to trading on the main market of the London Stock Exchange, respectively (“Admission”)), or, as



the case may be, the Merger Offer becoming or being declared wholly unconditional (save for Admission), the Directors be and are hereby generally and unconditionally authorised in accordance with article 10.1 of Glencore's articles of association (the "Articles") to exercise all powers of Glencore to allot equity securities (as defined in the Articles), credited as fully paid, with authority to deal with fractional entitlements arising out of such allotment as it thinks fit and to take all such other steps as it may deem necessary, expedient or appropriate to implement such allotment in connection with the Merger up to an aggregate nominal amount of *US\$62,263,209*, and which authority shall expire on the date of the Annual General Meeting in 2013 or on 30 June 2013, whichever is the earlier (unless previously revoked or varied by Glencore in general meeting), save that Glencore may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired."

#### **Resolution 2 (Special Resolution)**

THAT, subject to the Scheme becoming effective or, as the case may be, the Merger Offer becoming or being declared wholly unconditional, Glencore's name be changed to "Glencore Xstrata plc" and that the memorandum of association of Glencore be amended by the deletion of the first paragraph thereof and the insertion in its place of the following:

*"1. The name of the Company is Glencore Xstrata plc".*

#### **Resolution 3 (Ordinary Resolution)**

THAT, subject to the Scheme becoming effective or, as the case may be, the Merger Offer becoming or being declared wholly unconditional, pursuant to Article 10.2 of the Articles, and in addition to the amount set out in paragraph (B) of resolution 1 but in substitution for the previous authority conferred upon the Directors under that Article, the Directors be and are hereby authorised unconditionally to allot Glencore Shares or grant rights to subscribe for or to convert any security into Glencore Shares for an Allotment Period (as defined in the Articles) commencing on the date of the passing of this resolution and ending on the earlier of 30 June 2013 and the conclusion of the Company's AGM in 2013, and for that purpose the Authorised Allotment Amount (as defined in the Articles) shall be *US\$41,943,436* and the Rights Issue Allotment Amount (as defined in the Articles) shall be *US\$41,943,436*.

It is intended that Resolution 3 will be put to the Adjourned Glencore General Meeting in an amended form, such that the authority equates to approximately 33 per cent. of the Combined Group Ordinary Share Capital (excluding treasury shares), reflecting the revised ratio of 3.05 New Glencore Shares for each Scheme Share. Accordingly, the resolution will be put to the Adjourned Glencore General Meeting as follows:

"THAT, subject to the Scheme becoming effective or, as the case may be, the Merger Offer becoming or being declared wholly unconditional, pursuant to Article 10.2 of the Articles, and in addition to the amount set out in paragraph (B) of Resolution 1 but in substitution for the previous authority conferred upon the Directors under that Article, the Directors be and are hereby authorised unconditionally to allot Ordinary Shares or grant rights to subscribe for or to convert any security into Ordinary Shares for an Allotment Period (as defined in the Articles) commencing on the date of the passing of this resolution and ending on the earlier of 30 June 2013 and the conclusion of Glencore's Annual General Meeting in 2013, and for that purpose the Authorised Allotment Amount (as defined in the Articles) shall be *US\$44,419,257* and the Rights Issue Allotment Amount (as defined in the Articles) shall be *US\$44,419,257*."

#### **Resolution 4 (Special Resolution)**

THAT, subject to the Scheme becoming effective or, as the case may be, the Merger Offer becoming or being declared wholly unconditional and the passing of resolution 3, pursuant to Article 10.3 of the Articles and in substitution for the previous authority conferred on the Directors under that Article, the Directors be and are

hereby empowered to allot equity securities for an Allotment Period (each as defined in the Articles) commencing on the date of the passing of this resolution and ending on the earlier of 30 June 2013 and the conclusion of the Company's AGM in 2013 wholly for cash as if Article 11 of the Articles did not apply to such allotment and, for the purposes of Article 10.3(c) of the Articles, the Non-Pre-Emptive Amount (as defined in the Articles) shall be US\$6,291,516.

#### **Resolution 5 (Special Resolution)**

THAT, subject to the Scheme becoming effective, or, as the case may be, the Merger Offer becoming or being declared wholly unconditional:

- (A) Glencore be and is hereby generally and unconditionally authorised pursuant to Article 57 of the Jersey Companies Law to make market purchases of Glencore Shares, provided that:
- (i) the maximum number of Glencore Shares authorised to be purchased is 1,258,303,058;
  - (ii) the minimum price, exclusive of any expenses, which may be paid for a Glencore Share is US\$0.01;
  - (iii) the maximum price, exclusive of any expenses, which may be paid for a Glencore Share shall be the higher of:
    - (a) an amount equal to 5 per cent. above the average of the middle market quotations for Glencore Shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such shares are contracted to be purchased; and
    - (b) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time that the purchase is carried out; and
  - (iv) the authority hereby conferred shall be in substitution for the previous authority conferred on the Directors under that Article and shall expire on the earlier of the conclusion of the Company's AGM in 2013 and 30 June 2013 (except that Glencore may make a contract to purchase Glencore Shares under this authority before such authority expires, which will or may be executed wholly or partly after the expiry of such authority, and may make purchases of Glencore Shares in pursuance of any such contract as if such authority had not expired); and
- (B) Glencore be and is hereby generally and unconditionally authorised pursuant to Article 58A of the Jersey Companies Law to hold, if the Directors so desire, as treasury shares, any Glencore Shares purchased pursuant to the authority conferred by (A) above.

#### **4 Proposed Directors' service contracts, terms of appointment and other details**

The agreement entered into between Mick Davis and Glencore in connection with the Merger on 6 February 2012 (described in paragraph 6 of Part XI (*Additional Information*) of the Original Prospectus) has been terminated.

Mick Davis has entered into a new agreement with the Combined Group for a term of six months from the Effective Date. Neither party may terminate before the end of this six month period, except as described below. Under this agreement, he will be appointed as Chief Executive Officer of the Combined Group with all the customary powers of a Chief Executive Officer to oversee the integration of the two businesses. The terms of this six month employment agreement are identical to the current terms of his existing employment agreement with the Xstrata Group as to salary, benefits, bonus (pro rated for the six month period) and pension allowance, (all to be paid, where relevant, and reviewed consistent with past Xstrata practice) but with no additional entitlement to any contractual termination payment upon termination at the end of the six month period from the Effective Date.

The terms of this agreement further specify that, if there is a termination of Mick Davis's employment by the Combined Group in breach of the agreement during this period, he will be entitled to the pay, bonus, benefits and pension allowance he would have been entitled to receive for the balance of the period. However, Mick Davis may in his sole discretion terminate his new service agreement with the Combined Group before the end of the six month period from the Effective Date if the resolution to approve the Revised Management Incentive Arrangements is not passed at the Further Xstrata General Meeting. In such circumstances, Mick Davis will not be entitled to the pay, bonus, benefits and pension allowance he would have been entitled to receive for the balance of the period and neither party shall have any claims or rights of action against the other whether contractual, statutory or arising under any law, arising out of or in connection with such termination of employment, except for any accrued rights at such date of termination. In addition, Mick Davis's new agreement referred to above does not contemplate any extension, and it will not be extended, beyond six months.

## 5 Xstrata Share Schemes

Other than the amendments to the Revised New Xstrata 2012 Plan in connection with the Revised Management Incentive Arrangements (described in paragraph 7 of Part I (*Supplementary Information*) of this document), paragraph 8 of Part XI (*Additional Information*) of the Original Prospectus, as supplemented by paragraph 2 of Part I (*Supplementary Information*) of the First Supplementary Prospectus, remains unchanged subject to any reference to the merger ratio being consistent with the increased merger ratio set out in paragraph 3 of Part I (*Supplementary Information*) of this document.

## 6 Interests of the Directors, Proposed Directors and Senior Managers

6.1 As at 23 October 2012, being the latest practicable date prior to the publication of this document, the interests (all of which are beneficial unless otherwise stated) of the Directors, Proposed Directors, Senior Managers, their immediate families and (so far as is known to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the UK Companies Act) with the Directors, Proposed Directors or Senior Managers in the issued ordinary share capital of Glencore, including: (i) those arising pursuant to transactions notified to Glencore pursuant to DTR3.1.2R; or (ii) those of persons connected with the Directors, Proposed Directors or Senior Managers, which would, if such connected person were a Director, Proposed Director or Senior Manager, be required to be disclosed under (i) above, together with the interests which are expected to subsist immediately following the Merger becoming Effective, are set out in the following table:

Name	As at 23 October 2012 (the latest practicable date prior to publication of this document)		Interests immediately following the Merger becoming Effective <sup>(1)</sup>	
	Number of Glencore Shares	Percentage of issued share capital of Glencore	Number of Glencore Shares	Percentage of Combined Group Ordinary Share Capital
<b>Executive Directors</b>				
Ivan Glasenberg .....	1,101,848,752	15.52	1,101,848,752	8.27
Steven Kalmin <sup>(2)</sup> .....	70,523,154	0.99	70,523,154	0.53
<b>Non-Executive Directors</b>				
Peter Coates .....	82,700	0.00	1,441,136 <sup>(3)</sup>	0.01
Li Ning <sup>(2)</sup> .....	123,000	0.00	123,000	0.00
William Macaulay <sup>(4)</sup>	121,996,976	1.72	121,996,976	0.92

Name	As at 23 October 2012 (the latest practicable date prior to publication of this document)		Interests immediately following the Merger becoming Effective <sup>(1)</sup>	
	Number of Glencore Shares	Percentage of issued share capital of Glencore	Number of Glencore Shares	Percentage of Combined Group Ordinary Share Capital
<b>Proposed Directors</b>				
Sir John Bond.....	N/A	N/A	3,050	0.00
Mick Davis <sup>(5)(6)</sup> .....	N/A	N/A	7,678,524	0.06
Ian Strachan .....	N/A	N/A	131,449	0.00
<b>Proposed Senior Manager</b>				
Trevor Reid <sup>(5)</sup> .....	N/A	N/A	1,974,463	0.01

Notes:

- (1) Figures are calculated assuming (i) that the interests of the Directors, Proposed Directors and Senior Managers as at close of business on 23 October 2012 do not change, (ii) that the maximum number of the New Glencore Shares are issued in connection with the Merger (assuming (a) that the Xstrata Employee Benefit Trust will be issued with new Xstrata Shares such that it holds sufficient Xstrata Shares at the Scheme Record Time to satisfy all share options outstanding under the Xstrata Share Schemes and the maximum retention share awards that could be granted under the Revised New Xstrata 2012 Plan, (b) vesting of all share awards held under the Xstrata Share Schemes and such Xstrata Shares being acquired by Glencore and (c) none of the outstanding Glencore Convertible Bonds are converted) and (iii) excluding any other issues of Glencore Shares (including under Glencore Share Plans) between publication of this document and the Effective Date.
- (2) Steven Kalmin and Li Ning will retire from the Glencore Board with effect from the Effective Date. Steven Kalmin will be a Senior Manager following the Merger becoming Effective.
- (3) This includes 445,389 Xstrata Shares held by Peter Coates as at the latest practicable date prior to publication of this document. Peter Coates also has 67,449 share options in Xstrata which are not included in the above table.
- (4) Of these shares, 112,497,165 are held by FR Galaxy Holdings S.a.r.l. (“FR”) and 9,499,811 by ECP Galaxy Holdings S.a.r.l. (“ECP”). Glencore has been notified that (a) FR is a connected person of William Macaulay and (b) ECP is an affiliate of FR. In addition, FR has an economic interest under swap arrangements in 36,662,834 shares and ECP in 2,250,000 shares (being an aggregate 38,912,834 shares in Glencore).
- (5) Mick Davis and Trevor Reid will also have share options over Glencore Shares at the Effective Date. These are not included in the table above. See paragraph 10.2 of Part XI (*Additional Information*) of the Original Prospectus and below for further details. In addition, no account has been taken of any sale of shares by Mick Davis or Trevor Reid to cover tax due on the vesting of share awards held under the Xstrata Share Schemes.
- (6) Mick Davis will become Chief Executive Officer of the Combined Group for a period of six months following the Effective Date. Thereafter, he will cease to be on the board of directors of the Combined Entity and Chief Executive Officer of the Combined Group and will be replaced as Chief Executive Officer of the Combined Group by Ivan Glasenberg.

6.2 The table below sets out the options that have been granted to the Directors, Proposed Directors and Senior Managers over Glencore Shares at the close of business on 23 October 2012 (being the latest practicable date

prior to the publication of this document), where, in the case of the Proposed Directors, the figures are on the basis that (i) the Merger has taken place and (ii) rollover of all share options under the Xstrata Share Schemes has taken place:

<b>Name</b>	<b>Scheme</b>	<b>Exercisable between</b>	<b>Number of Glencore Shares over which options granted as at 23 October 2012<sup>(1)</sup></b>	<b>Exercise Price</b>
Mick Davis .....	Xstrata LTIP 2003 award	1 Mar 2006–10 Feb 2013	2,017,849	£0.65
	Xstrata LTIP 2004 award	6 Mar 2007–4 Mar 2014	4,151,266	£1.33
	Xstrata Annual Bonus Plan	1 Feb 2012–1 Feb 2021	280,429	Nil
	Xstrata AVP	17 Apr 2013–17 Apr 2022	2,545,218	Nil
	Xstrata AVP	17 Apr 2014–17 Apr 2022	2,545,218	Nil
	Xstrata LTIP 2010 award	19 Feb 2013–18 Feb 2020	2,125,267	£3.68
	Xstrata LTIP 2011 award	19 Feb 2014–18 Feb 2021	1,716,512	£5.24
	Xstrata LTIP 2012 award	18 Feb 2015–17 Feb 2022	2,013,076	£4.26
	Xstrata Annual Bonus Plan	1 Feb 2013–1 Feb 2021	280,429	Nil
	Xstrata Annual Bonus Plan	1 Feb 2013–1 Feb 2022	365,374	Nil
	Xstrata Annual Bonus Plan	1 Feb 2014–1 Feb 2022	365,374	Nil
Trevor Reid.....	Xstrata LTIP 2004 award	6 Mar 2007–4 Mar 2014	948,007	£1.33
	Xstrata LTIP 2005 award	26 Mar 2008–11 Mar 2015	1,156,492	£1.92
	Xstrata LTIP 2006 award	11 Mar 2009–10 Mar 2016	359,253	£3.11
	Xstrata LTIP 2007 award	16 Mar 2010–15 Mar 2017	281,280	£4.85
	Xstrata LTIP 2008 award	5 Apr 2011–4 Apr 2018	285,711	£7.15
	Xstrata LTIP 2009 award	13 Mar 2012–12 Mar 2019	2,289,818	£1.20
	Xstrata Annual Bonus Plan	7 Feb 2012–1 Feb 2021	141,251	Nil
	Xstrata LTIP 2010 award	19 Feb 2013–18 Feb 2020	1,070,745	£3.68
	Xstrata LTIP 2011 award	19 Feb 2014–18 Feb 2021	864,614	£5.24
	Xstrata LTIP 2012 award	18 Feb 2015–17 Feb 2022	1,055,809	£4.26
	Xstrata Annual Bonus Plan	1 Feb 2013–1 Feb 2021	141,251	Nil
	Xstrata Annual Bonus Plan	1 Feb 2013–1 Feb 2022	191,628	Nil
	Xstrata Annual Bonus Plan	1 Feb 2014–1 Feb 2022	191,628	Nil

Note:

(1) Changes to the number of New Glencore Shares are as a result of the revised ratio of 3.05, rather than changes to the number of underlying options granted to Mick Davis and Trevor Reid.

6.3 The table below sets out the share awards that will be granted to the Proposed Directors and Senior Managers should the resolution approving the Revised Management Incentive Arrangements be passed by the Xstrata Independent Shareholders:

Name	Potential maximum number of Glencore Shares over which awards granted as at 23 October 2012 <sup>(1)</sup>	Exercise Price	Normal vesting date <sup>(2)</sup>
Trevor Reid.....	2,358,598	Nil	1 <sup>st</sup> anniversary of the Effective Date
	2,358,598	Nil	2 <sup>nd</sup> anniversary of the Effective Date

Notes:

- (1) The potential maximum of Xstrata Shares calculated by taking the minimum value per Xstrata Share of 705 pence in accordance with the terms of the Revised New Xstrata 2012 Plan and then multiplying that number of Xstrata Shares by the number of Glencore Shares that a Scheme Shareholder will receive for each Scheme Share under the terms of the Merger.
- (2) Subject to (a) the Merger becoming effective, and (b) the satisfaction of relevant performance conditions as described in the First Supplementary Prospectus.

## 7 Interests of significant shareholders

Other than the interests of Directors, Proposed Directors and Senior Managers disclosed in paragraph 6 above, so far as the Company is aware, the following persons, held directly or indirectly 3 per cent. or more of Glencore's voting rights as at 23 October 2012 (the latest practicable date prior to the publication of this document) or will do so immediately following the Merger becoming Effective:

Shareholder	As at 23 October 2012 (the latest practicable date prior to publication of this document)		Interests immediately following the Merger becoming Effective <sup>(1)</sup>	
	Number of Glencore Shares	Percentage of issued share capital of Glencore	Number of Glencore Shares	Percentage of Combined Group Ordinary Share Capital
Daniel Francisco Maté Badenes.....	417,468,330	5.88	417,468,330	3.13
Aristotelis Mistakidis.....	414,730,597	5.84	414,730,597	3.11
Tor Peterson.....	366,074,885	5.16	366,074,885	2.75
Alex Beard.....	320,260,410	4.51	320,260,410	2.40
Qatar Holding LLC.....	N/A	N/A	1,125,373,274 <sup>(2)</sup>	8.45
BlackRock Inc. ....	208,562,700 <sup>(3)</sup>	2.94	587,622,873 <sup>(4)</sup>	4.41

Notes:

- (1) Figures are calculated assuming (i) that the interests of the significant shareholders as at close of business on 23 October 2012 do not change, (ii) that the maximum number of the New Glencore Shares are issued in connection with the Merger (assuming (a) that the Xstrata Employee Benefit Trust will be issued with new Xstrata Shares such that it holds sufficient Xstrata Shares at the Scheme Record Time to satisfy all share options outstanding under the Xstrata Share Schemes and the maximum retention share awards that could be granted under the Revised New Xstrata 2012 Plan, (b) vesting of all share awards held under the Xstrata Share Schemes and such Xstrata Shares being acquired by Glencore and (c) none of the outstanding Glencore Convertible Bonds are converted) and (iii) excluding

any other issues of Glencore Shares (including under Glencore Share Plans) between publication of this document and the Effective Date.

- (2) As at 23 October 2012, Qatar Holding LLC, pursuant to its announcement on 23 October 2012, had an interest in 350,410,601 Xstrata Shares, and had written put options over a further 18,564,243 Xstrata Shares. For the purposes of calculating Qatar Holding LLC's interest in Glencore immediately following the Effective Date, these options have been taken into account.
- (3) As at 23 October 2012, BlackRock, Inc., pursuant to its announcement on 23 October 2012, also held a long position in 1,775,000 derivatives (other than options) over Glencore Shares. BlackRock, Inc. also held a short position over derivatives in Glencore Shares of 2,509,401 and a short position in options with respect to 74,300 Glencore Shares. In addition, it held 457,200,000 Glencore Convertible Bonds.
- (4) As at 23 October 2012, BlackRock, Inc., pursuant to its announcement on 23 October 2012, held 124,282,024 Xstrata shares which is included in the above table. In addition, BlackRock, Inc. also held a long position in 169,890 derivatives (other than options) over Xstrata Shares, a short position over derivatives in Xstrata Shares of 235,544 and a short position in options with respect to 364,090 Xstrata Shares.

## **8 Related party transactions**

Paragraph 13 of Part XI (*Additional Information*) in the Original Prospectus is supplemented as follows. On 24 September 2012, Glencore, Verny Capital and Pasar Holdings Incorporated AG (a Glencore subsidiary) entered into a share purchase agreement whereby Glencore agreed to acquire a further 18.91 per cent. in Kazzinc. See paragraph 10.1.2 below for further information. Verny Capital is a substantial shareholder in Kazzinc, which is a subsidiary undertaking of Glencore.

## **9 Significant Change**

- 9.1 There has been no significant change in the financial or trading position of the Glencore Group since 30 June 2012, the date to which Glencore's last published unaudited interim financial information was prepared.
- 9.2 There has been no significant change in the financial or trading position of the Xstrata Group since 30 June 2012, the date to which Xstrata's last published unaudited interim financial information was prepared.

## **10 Material contracts**

### **10.1 Glencore material contracts**

Paragraph 19.1 of Part XI (*Additional Information*) of the Original Prospectus is supplemented as follows:

#### **10.1.1 Break fee amendment agreement**

Glencore and Xstrata entered into a reverse break fee agreement on 7 February 2012 (the "Break Fee Agreement") pursuant to which Glencore agreed to pay to Xstrata by way of compensation a fee in the amount of £298 million (inclusive of irrecoverable value added tax), which is payable in the event that Glencore's board withdraws, amends, modifies or qualifies its recommendation of the Merger or resolves or agrees to do the same (a "Glencore Change in Recommendation") so as to cause the Merger not to proceed, save where the Glencore Change in Recommendation occurs, directly or indirectly, as a result of an event or events outside the control of Glencore. In light of the revised final terms of the Merger, on 1 October 2012 Glencore and Xstrata entered into an amendment agreement to the Break Fee Agreement (the "Break Fee Amendment Agreement") to (i) reflect the revised final terms of the Merger, and (ii) as required by the provisions of the Listing Rules, record the parties' agreement that the fee to be paid in the circumstances outlined above shall be reduced to an amount of £288 million (inclusive of any irrecoverable value added tax). The terms of the Break Fee Agreement otherwise remain unchanged and in full force and effect.

### **10.1.2 New Kazzinc share purchase agreement**

Pursuant to two termination deeds dated 24 September 2012, the existing Verny Investments SPA and the existing Verny Rost SPA, disclosed on page 327 of the Original Prospectus, were terminated. Separately, on 24 September 2012 Glencore, Verny Capital, acting in the interests of Verny Investments, and Pasar Holdings Incorporated AG (“Pasar Holdings”) entered into a single new share purchase agreement pursuant to which Pasar Holdings agreed to acquire 18.91 per cent. of Kazzinc increasing the Group’s interest in Kazzinc to 69.61 per cent. (the “New Agreement”).

Pursuant to the New Agreement, on 11 October 2012, Pasar Holdings acquired the 18.91 per cent. ownership interest in Kazzinc from Verny Investments in consideration for the issue of 176,742,520 new Glencore Shares and payment of cash consideration of US\$400 million.

This transaction has increased the Glencore Group’s ownership interest in Kazzinc to 69.61 per cent.

### **10.1.3 Amendment to the Viterra arrangement agreement**

On 26 September 2012, Glencore and Viterra entered into a letter agreement in relation to the Viterra Arrangement Agreement, pursuant to which the outside date for completion of the Viterra Arrangement has been extended by one month to 15 November 2012 or such later date as may be agreed to in writing by the Parties.

## **10.2 Xstrata material contracts**

Paragraph 19.2 of Part XI (*Additional Information*) of the Original Prospectus is supplemented as follows:

### **10.2.1 The US\$3 billion revolving credit facility**

On 4 October 2012, Xstrata (Schweiz) AG, Xstrata Finance (Canada) Limited, Xstrata Canada Financial Corporation, Xstrata Finance (Dubai) Limited as borrowers and guarantors and Xstrata as guarantor and parent entered into a US\$3 billion revolving credit facility (the “\$3bn Club Facility”) with Barclays Bank PLC, Deutsche Bank AG, London Branch, JPMorgan Chase Bank, N.A., Lloyds TSB Bank plc, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Royal Bank of Scotland plc each as bookrunners and original lenders and Barclays Bank PLC as facility agent.

Following the issue of the Notes (as defined in paragraph 10.2.3 below) Xstrata (Schweiz) AG gave an irrevocable notice of cancellation of the entire \$3bn Club Facility on 22 October 2012. Such cancellation will become effective on 29 October 2012.

The Xstrata Group would have used the \$3bn Club Facility for general corporate purposes. Interest is payable on the loans at the rate which is the aggregate of: (i) LIBOR; (ii) mandatory costs (being regulatory costs of the lenders which are passed on to the borrowers); and (iii) the relevant margin per annum which is 1.25 per cent. subject to a ratchet after the first 6 months, and subject to certain other adjustments where the term-out option is exercised. Certain commitment, agency and utilisation fees are also payable.

The \$3bn Club Facility would have been available until one month prior to maturity date subject to an extension option and a term-out option. If no extension option or term-out option had been exercised, maturity, when all amounts must be repaid, would have been 4 October 2013. Subject to certain conditions, Xstrata (Schweiz) AG had the option to request an extension of the maturity until 4 October 2014. Alternatively, subject to certain separate conditions, Xstrata (Schweiz) AG had the option to term-out the loan by converting any outstanding revolving loans into term loans. If the term-out option was exercised all available commitments would then be cancelled, and the resulting term loan would mature and require repayment on 4 October 2014.

The \$3bn Club Facility contains certain mandatory prepayment events including: (i) illegality; (ii) a change of control of Xstrata; and (iii) a debt capital market issuance by any member of the Xstrata



Group prior to the Merger (50 per cent. of the proceeds of such an offering must be applied to prepayment). The Merger will not constitute a change of control under the \$3bn Club Facility. The \$3bn Club Facility provides that on the Effective Date the relevant parent would change from being Xstrata to Glencore and various provisions would then apply to Glencore. On the Effective Date, Glencore and Glencore International would have been required to accede to the \$3bn Club Facility as guarantors. In addition, on the date falling 10 business days after the Effective Date, all available commitments would be cancelled.

The \$3bn Club Facility contains representations, warranties and undertakings (including financial condition covenants and undertakings) and a guarantee from Xstrata, Xstrata (Schweiz) AG, Xstrata Finance (Canada) Limited, Xstrata Canada Financial Corporation and Xstrata Finance (Dubai) Limited in favour of the lenders of the \$3bn Club Facility, which are typical for these types of credit agreements. It also contains customary events of default upon the occurrence of which the lenders may terminate and demand repayment of the \$3bn Club Facility.

#### **10.2.2 Break fee amendment agreement**

Please see paragraph 10.1.1 above, which sets out the details of the Break Fee Amendment Agreement.

#### **10.2.3 2012 bond issue**

On 18 October 2012, Xstrata announced the launch and pricing of a US dollar-denominated issue of notes (“the Notes”) in a US\$4.5 billion four-tranche transaction, comprising US\$1,250 million 1.8 per cent. guaranteed Notes due 2015, US\$1,750 million 2.45 per cent. guaranteed Notes due 2017, US\$1,000 million 4.0 per cent. guaranteed Notes due 2022 and US\$500 million 5.3 per cent. guaranteed Notes due 2041 issued through its subsidiary Xstrata Finance (Canada) Limited. The Notes are guaranteed by Xstrata, Xstrata (Schweiz) AG, Xstrata Finance (Dubai) Limited, and Xstrata Canada Financial Corp and are subject to interest rate adjustments in the event of a rating agency downgrade occurring prior to the earlier of 25 October 2013 or 90 days following the Effective Date.

Xstrata continuously monitors its funding profile and may, from time to time, issue additional capital markets notes in preference to periodic drawdowns under its existing banking facilities, either on a standalone basis or out of its note issuance programmes, as market conditions warrant. Xstrata expects any such issuances to be made on the basis of customary terms and conditions.

## **11 Consents**

Each of Citigroup Global Markets Limited, whose address is Citigroup Centre, Canada Square, London E14 5LB, and Morgan Stanley & Co. Limited, whose address is 25 Cabot Square, Canary Wharf, London E14 4QA, has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

## **12 General**

- 12.1 The total costs, charges and expenses payable by Glencore in connection with the Merger are estimated to be approximately US\$86 million (exclusive of VAT).
- 12.2 Glencore will continue to evaluate a number of opportunities in relation to its business, whether mergers and acquisitions, joint ventures, new financings or refinancings or otherwise.

## **13 Documents available for inspection**

In addition to those documents set out in paragraph 22 of Part XI (*Additional Information*) of the Original Prospectus, paragraph 4 of Part II (*Additional Information*) of the First Supplementary Prospectus, paragraph 7 of

Part II (*Additional Information*) of the Second Supplementary Prospectus and paragraph 5 of Part II (*Additional Information*) of the Third Supplementary Prospectus, copies of:

- (i) the Supplementary Circular;
- (ii) the consent letters referred to in paragraph 11 above; and
- (iii) this document,

are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period from the date of publication of this document until Admission at the registered office of the Company, Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES.

## 14 Definitions

Words or expressions defined in the Original Prospectus, as supplemented by the Supplementary Prospectuses, have the same meaning when used in this document unless otherwise defined.

<b>Adjourned Glencore General Meeting</b>	means general meeting of Glencore held at 9.00 a.m. Zug time on 20 November 2012 at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland (and any adjournment thereof) for the purposes of considering and, if thought fit, approving the Resolutions;
<b>Conditions</b>	means the conditions to the implementation of the Merger (including the Scheme) as described in Part IV of the New Scheme Document;
<b>Further Xstrata General Meeting</b>	means the general meeting of Xstrata to be convened in connection with the Scheme, the Reduction of Capital and the Revised Management Incentive Arrangements including any adjournment thereof;
<b>Kazzinc Consideration Shares</b>	means the 176,742,520 new Glencore Shares issued to Verny Investments pursuant to the Kazzinc transaction;
<b>New Scheme Document</b>	means the supplementary scheme document to be sent to Xstrata Shareholders supplementing the Scheme Document and containing the new Scheme and the notices convening the New Xstrata Court Meeting and the Further Xstrata General Meeting;
<b>New Xstrata Court Meeting</b>	means the meeting(s) of the Scheme Shareholders to be convened by the order of the Court pursuant to section 896 of the UK Companies Act for the purpose of approving the Scheme, including any adjournment thereof;
<b>Original Circular</b>	means the circular sent to Glencore Shareholders in connection with the Merger dated 31 May 2012;
<b>Resolutions</b>	means the resolutions to be proposed at the Adjourned Glencore General Meeting (including Resolutions 1 and 3, each as proposed to be amended);
<b>Revised Management Incentive Arrangements</b>	means the terms of the management incentive arrangements set out in paragraph 7 of Part I ( <i>Supplementary Information</i> ) of this document, including the Revised New Xstrata 2012 Plan;
<b>Revised New Xstrata 2012 Plan</b>	the Xstrata share plan as described in paragraph 7 of Part I ( <i>Supplementary Information</i> ) of this document;
<b>Supplementary Circular</b>	means the supplementary circular sent to Glencore Shareholders in

connection with the Merger on the date of this document;

**UK Corporate Governance Code**

means the UK Corporate Governance Code on the Principles of Good Governance and Code of Best Practice published in June 2010 by the Financial Reporting Council in the UK, as amended from time to time (including the new edition of which was published in September 2012 which will apply to reporting periods beginning on or after 1 October 2012);

**Xstrata Independent Shareholders**

means those Xstrata Shareholders who are permitted under Rule 16.2 of the Code to vote on any resolution to approve the Revised Management Incentive Arrangements at the Further Xstrata General Meeting; and

**Xstrata Senior Employees**

the 65 employees of the Xstrata Group who it is proposed will, in addition to the members of Xstrata's Management, benefit from the Revised Management Incentive Arrangements (in addition to Xstrata's Management).