

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II (EXPLANATORY STATEMENT) OF THIS DOCUMENT, TOGETHER WITH THE REST OF THIS DOCUMENT, PART II (EXPLANATORY STATEMENT) OF THE ORIGINAL SCHEME CIRCULAR AND THE REST OF THE ORIGINAL SCHEME CIRCULAR, AND PART II (SUPPLEMENTARY EXPLANATORY STATEMENT) OF THE SUPPLEMENTARY SCHEME CIRCULAR AND THE REST OF THE SUPPLEMENTARY SCHEME CIRCULAR, COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.**

This document should be read in conjunction with the accompanying Further Xstrata General Meeting Form of Proxy and New Court Meeting Form of Proxy, together with the information contained in the Original Scheme Circular and Supplementary Scheme Circular. This document should also be read in conjunction with the Glencore Prospectus, which has been prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000 and for which Glencore, the Glencore Directors and the Proposed Glencore Directors are responsible. Copies of the Original Scheme Circular, the Supplementary Scheme Circular and the Glencore Prospectus are available free of charge by calling the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.

---

**New Scheme Circular relating to the  
final terms of the recommended all-share merger of equals of  
Glencore International plc  
and  
Xstrata plc  
to be effected by means of a Scheme of Arrangement under  
Part 26 of the Companies Act 2006**

---

**If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.**

If you sell or have sold or otherwise transferred all of your Xstrata Shares, please send this document and the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Xstrata Shares, you should retain the documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

**Your attention is drawn to the letter from the Chairman of Xstrata which is set out in Part I (*Letter from the Chairman of Xstrata*) of this document and which contains a recommendation from the Independent Non-Executive Xstrata Directors that you vote in favour of New Scheme Resolution 1 and against New Scheme Resolution 2 to be proposed at the New Court Meeting and in favour of both resolutions to be proposed at the Further Xstrata General Meeting.**

Notice of the New Court Meeting is set out in Part VII (*Notice of New Court Meeting*) of this document and notice of the Further Xstrata General Meeting is set out in Part VIII (*Notice of Further Xstrata General Meeting*) of this document. The New Shareholder Meetings are to be held at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland on 20 November 2012. The New Court Meeting will start at 2.00 p.m. Central European Time and the Further Xstrata General Meeting at 2.15 p.m. Central European Time (or as soon thereafter as the New Court Meeting has concluded or been adjourned). You may also attend both the New Court Meeting and the Further Xstrata General Meeting at Holborn Bars, 138-142 Holborn, London EC1N 2NQ where satellite meetings linked by video conference to the New Shareholder Meetings in Zug will be held at 1.00 p.m. and 1.15 p.m. London time, respectively (or, in the case of the Further Xstrata General Meeting (and concurrent satellite meeting), as soon thereafter as the New Court Meeting has concluded or been adjourned).

Unless specified in this document, the terms of the Merger and all matters related thereto shall be as set out in the Original Scheme Circular and the Supplementary Scheme Circular.

**The actions to be taken in respect of the New Shareholder Meetings are set out on pages 4 to 10 of this document.**

**In order to comply with the requirements of the Panel and Rule 16.2 of the Code, the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting will be taken on a poll and only Independent Xstrata Shareholders are permitted to vote thereon. Any vote cast by an Xstrata Shareholder who is not an Independent Xstrata Shareholder, either in person or by proxy, will not be counted. If you are in any doubt as to whether or not you are permitted to vote on such resolution, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.**



**If you have any questions about this document, the Original Scheme Circular, the Supplementary Scheme Circular, the adjourned Court Meeting, the adjourned New Xstrata General Meeting, the New Court Meeting, the Further Xstrata General Meeting or on the completion and return of the Further Forms of Proxy, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.**

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin — Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the FSA. Details about the extent of Deutsche Bank AG's authorisation and regulation by the FSA are available on request. Deutsche Bank AG, London Branch is acting as financial adviser and corporate broker to Xstrata and no one else in connection with the Merger and will not be responsible to anyone other than Xstrata for providing the protections afforded to clients of Deutsche Bank AG, London Branch, nor for providing advice in relation to the Merger or for any of the matters referred to in this document.

J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove and is authorised and regulated in the United Kingdom by the FSA, is acting as financial adviser and corporate broker to Xstrata and for no one else in connection with the Merger and will not be responsible to anyone other than Xstrata for providing the protections afforded to its clients nor for providing advice in relation to the Merger or for any of the matters set out in this document.

Goldman Sachs International, which is authorised and regulated in the United Kingdom by the FSA, is acting as financial adviser to Xstrata and for no one else in connection with the Merger and will not be responsible to anyone other than Xstrata for providing the protections afforded to clients of Goldman Sachs International nor for providing advice in relation to the Merger, the content of this document or any matter referred to herein.

Nomura International plc, which conducts its UK investment banking business as Nomura and is authorised and regulated in the United Kingdom by the FSA, is acting as financial adviser to Xstrata and for no one else in connection with the matters set out in this document and will not be responsible to anyone other than Xstrata for providing the protections afforded to its clients nor for providing advice in relation to the matters set out in this document.

Barclays Bank PLC, acting through its investment bank ("Barclays"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to Xstrata and no-one else in connection with the Merger and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Merger and will not be responsible to anyone other than Xstrata for providing the protections afforded to its clients, nor for providing advice in connection with the Merger or any other matter referred to herein.

M. Klein and Company, LLC is acting as strategic consultant to each of Xstrata and Glencore.

#### **AVAILABILITY OF HARD COPIES**

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated by reference into this document by calling the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 41 13 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger. You may also request that all future documents, announcements and information to be sent to you in relation to the Merger should be in hard copy form. Copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

#### **INFORMATION FOR UNITED STATES AND OTHER OVERSEAS SHAREHOLDERS**

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 securities by any person, or the solicitation of any vote or approval pursuant to the New Scheme or otherwise, in any jurisdiction (a) in which such offer or invitation is not authorised, (b) in which the person making such offer or invitation is not qualified to do so, or (c) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or to do so would impose any unfulfilled registration, publication or approval requirements on Xstrata, Glencore or any of their respective, directors, officers, agents and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities 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 for that purpose is required. Neither Xstrata, Glencore nor their respective directors, officers, agents or advisers accept any responsibility for any violation of any of these restrictions by any other person.

**None of the securities referred to in this document have been approved or disapproved by the US Securities and Exchange Commission, 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 Merger will involve an exchange of the securities of a UK company for the securities of a Jersey company and will be subject to Jersey and UK disclosure requirements, which are different from those of the United States. The financial information included in this document has been prepared in accordance with IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP. US GAAP differs in certain significant respects from IFRS. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

The Merger will be effected by means of a scheme of arrangement under the Companies Act and otherwise in accordance with the requirements of the Code. The scheme of arrangement will relate to the shares of a UK company that is a 'foreign private issuer' as defined under Rule 3b-4 under the US Exchange Act. Accordingly, the proposed combination will be subject to disclosure and other procedural requirements applicable in the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of the US proxy and tender offer rules under the US Exchange Act.

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, district or other jurisdiction of the United States, or of any jurisdiction other than the United Kingdom. Accordingly, the New Glencore Shares may not be offered, sold, reoffered, resold, pledged, delivered or otherwise transferred, in or into any jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. It is expected that the New Glencore Shares will be issued in reliance upon the exemption from such registration provided by section 3(a)(10) of the US Securities Act. Under applicable US securities laws, persons (whether or not US persons) who are or will be "affiliates" (within the meaning of the US Securities Act) of Xstrata or Glencore prior to, or of Glencore after, the Effective Date will be subject to certain transfer restrictions relating to the Glencore Shares received in connection with the New Scheme. It may be difficult for US holders of Xstrata Shares to enforce their rights and any claim arising out of the US federal securities laws, since each of Glencore and Xstrata are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Xstrata Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

If Glencore exercises its right, subject to the consent of the Panel (where necessary) and with Xstrata's prior written consent, to implement the Merger by way of a Merger Offer, the Merger will be made in compliance with applicable US laws and regulations, including applicable provisions of the tender offer rules under the US Exchange Act, to the extent applicable.

The ability of Xstrata Shareholders who are not resident in the United Kingdom to participate in the New Scheme may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

New Glencore Shares have neither been marketed to, nor are available for purchase or exchange, in whole or in part, by the public in the United Kingdom or elsewhere in connection with the Merger. This document is not a prospectus but a shareholder circular and does not constitute an invitation or offer to sell or the solicitation of an invitation or offer to buy any security. None of the securities referred to in this document shall be sold, issued, subscribed for, purchased, exchanged or transferred in any jurisdiction in contravention of applicable law.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **NOTE ON 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, are forward-looking statements, 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 (a) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, (b) business and management strategies and the expansion and growth of Glencore's or Xstrata's operations and potential synergies resulting from the Merger, and (c) 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 or Xstrata 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 or Xstrata to differ materially from the expectations of Glencore or Xstrata, as applicable, include, among other things, general business and economic conditions globally, commodity price volatility, industry trends, competition, changes in government and other regulation, 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 when the Merger is implemented, the

inability of the Combined Group to integrate successfully Glencore's and Xstrata's operations and programmes when the Merger is implemented, the Combined Group incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to the Merger when the Merger is implemented. Such forward-looking statements should therefore be construed in light of such factors.

Neither Xstrata nor Glencore, nor any of their respective 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. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure and Transparency Rules), neither Xstrata nor Glencore is under any obligation and Xstrata and Glencore each expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **DISCLOSURE REQUIREMENTS OF THE CODE**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

This document will be available on the websites of Xstrata and Glencore at [www.xstrata.com](http://www.xstrata.com) and [www.glencore.com](http://www.glencore.com), respectively, by no later than 12 noon on 26 October 2012.

#### **NO PROFIT FORECAST**

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share.

(This page has been left blank intentionally.)

## CONTENTS

| <u>CLAUSE</u>  | <u>PAGE</u> |
|--|-------------|
| REVISED EXPECTED TIMETABLE OF PRINCIPAL EVENTS . . . . .                                   | 2           |
| ACTION TO BE TAKEN . . . . .   | 4           |
| PART I LETTER FROM THE CHAIRMAN OF XSTRATA . . . . .                                       | 11          |
| PART II EXPLANATORY STATEMENT . . . . .  | 22          |
| PART III THE NEW SCHEME OF ARRANGEMENT . . . . .   | 32          |
| PART IV CONDITIONS AND CERTAIN FURTHER TERMS OF THE NEW SCHEME AND THE<br>MERGER . . . . . | 49          |
| PART V ADDITIONAL INFORMATION . . . . .  | 58          |
| PART VI DEFINITIONS . . . . .  | 73          |
| PART VII NOTICE OF NEW COURT MEETING . . . . .   | 77          |
| PART VIII NOTICE OF FURTHER XSTRATA GENERAL MEETING . . . . .                              | 81          |
| APPENDIX . . . . .   | 88          |

## REVISED EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| <u>Event</u>  | <u>Expected time/date<sup>(1)</sup></u>                            |
|---|--|
| Latest time for receipt by Xstrata's Registrars of Further Forms of Proxy for:  |  |
| New Court Meeting (BLUE form) <sup>(2)</sup>  | 1.00 p.m. (2.00 p.m. Central European Time)<br>on 16 November 2012 |
| Further Xstrata General Meeting (PINK form) <sup>(3)</sup>  | 1.15 p.m. (2.15 p.m. Central European Time)<br>on 16 November 2012 |
| Scheme Voting Record Time (for the New Court Meeting and the Further Xstrata General Meeting) <sup>(4)</sup>  | 6.00 p.m. (7.00 p.m. Central European Time)<br>on 16 November 2012 |
| <b>Adjourned Glencore General Meeting<sup>(5)</sup></b>   | 8.00 a.m. (9.00 a.m. Central European Time)<br>on 20 November 2012 |
| <b>New Court Meeting<sup>(6)(7)</sup></b>   | 1.00 p.m. (2.00 p.m. Central European Time)<br>on 20 November 2012 |
| <b>Further Xstrata General Meeting<sup>(7)(8)(9)</sup></b>  | 1.15 p.m. (2.15 p.m. Central European Time)<br>on 20 November 2012 |
| <br><i>The following dates are provided by way of indicative guidance, are subject to change and will depend, amongst other things, on the date on which regulatory (and other) conditions to the Merger are satisfied or, if capable of waiver, waived and on the date on which the Court sanctions the New Scheme and approves the Reduction of Capital. Xstrata will give adequate notice of all of these dates, when known, by issuing an announcement through an RIS. Further updates or changes to other times or dates indicated below shall, at Xstrata's discretion, be notified in the same manner (please also see note (10) below).</i> |  |
| Scheme Court Hearing <sup>(10)</sup>  | A date expected to be in the<br>fourth quarter of 2012 ("D")       |
| Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Xstrata Shares <sup>(10)</sup>  | D+1 2012   |
| Reorganisation Record Time <sup>(10)</sup>  | 6.00 p.m. on D+1 2012  |
| Reduction Court Hearing <sup>(10)</sup>   | D+2 2012   |
| Scheme Record Time <sup>(10)</sup>  | 6.00 p.m. on D+2 2012  |
| Effective Date <sup>(10)</sup>  | D+3 2012   |
| New Glencore Shares listed, and crediting of New Glencore Shares in uncertificated form to CREST accounts (and cancellation of listings of Xstrata Shares) <sup>(10)</sup>  | 8.00 a.m. on D+4 2012  |
| Admission to trading and commencement of dealings in New Glencore Shares <sup>(10)</sup>  | by 8.00 a.m. D+4 2012  |
| Despatch of share certificates in respect of New Glencore Shares <sup>(10)</sup>  | by no later than D+17 2012   |
| Long Stop Date <sup>(11)</sup>  | 31 December 2012   |



**Notes:**

- (1) All times shown in this document are references to London time unless otherwise stated. **The times and dates given are indicative only and are based on Xstrata's and Glencore's current expectations and may be subject to change (including as a result of changes to Court times or the regulatory approval timetable).** If any of the times and/or dates above change the revised times and/or dates will be notified to Xstrata Shareholders by announcement through an RIS.
- (2) BLUE New Court Meeting Forms of Proxy not returned by this time may be handed to representatives of Xstrata's Registrars or the Chairman of the New Court Meeting before the start of that meeting and will still be valid.
- (3) To be valid, PINK Further Xstrata General Meeting Forms of Proxy for the Further Xstrata General Meeting must be lodged by 1.15 p.m. (2.15 p.m. Central European Time) on 16 November 2012.
- (4) If either the New Court Meeting or the Further Xstrata General Meeting is adjourned the voting record time for the adjourned meeting will be 6.00 p.m. on the date falling two business days before the adjourned meeting.
- (5) 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 Glencore General Meeting was again adjourned to a time, date and place to be fixed by the Glencore Directors and notified to members. Glencore has today given notice to its shareholders that it will hold the adjourned Glencore General Meeting at 9.00 a.m. Central European Time on 20 November 2012. The adjourned Glencore General Meeting is required to be held as the Merger constitutes a "Class 1" transaction for Glencore under the Listing Rules, requiring Glencore Shareholder approval.
- (6) Due to the proposed changes to the terms of the Merger described in the Original Scheme Circular and Supplementary Scheme Circular, of which Xstrata was notified on 7 September 2012, the Court Meeting was adjourned on that date to a time, place and date to be fixed. It has been determined by the Independent Non-Executive Xstrata Directors that such meeting shall not be reconvened. Instead, the New Court Meeting has been convened for eligible Xstrata Shareholders to consider and approve the New Scheme. Notice of the New Court Meeting is included in Part VII (*Notice of New Court Meeting*) of this document.
- (7) The New Court Meeting and the Further Xstrata General Meeting will be held at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland and at Holborn Bars, 138-142 Holborn, London EC1N 2NQ where a satellite meeting linked by video conference to the Zug meetings will be held concurrently at 1.00 p.m London time in the case of the New Court Meeting and at 1.15 p.m. (or as soon thereafter as the New Court Meeting concludes or is adjourned) in the case of the Further Xstrata General Meeting.
- (8) Due to the proposed changes to the terms of the Merger described in the Original Scheme Circular and Supplementary Scheme Circular, of which Xstrata was notified on 7 September 2012, the New Xstrata General Meeting was adjourned on that date to a time, place and date to be fixed. It has been determined by the Independent Non-Executive Xstrata Directors that such meeting shall not be reconvened. Instead, the Further Xstrata General Meeting has been convened for eligible Xstrata Shareholders to consider, amongst other things, the Revised Management Incentive Arrangements. Notice of the Further Xstrata General Meeting is included in Part VIII (*Notice of Further Xstrata General Meeting*) of this document.
- (9) To commence at the time fixed or, if later, immediately following the conclusion or adjournment of the New Court Meeting.
- (10) These times and dates are indicative only and will depend, amongst other things, on the dates upon which (a) the Conditions are satisfied or (if capable of waiver) waived, (b) the Court sanctions the New 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 New Scheme Court Order to the Registrar of Companies.
- (11) This date has been extended to 31 December 2012 by agreement between Xstrata and Glencore, 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.

## ACTION TO BE TAKEN

Detailed instructions on the action to be taken by Xstrata Shareholders are set out below.

It is proposed that the New Court Meeting and the Further Xstrata General Meeting will take place on 20 November 2012.

The Court Meeting and the New Xstrata General Meeting convened for 7 September 2012 were both adjourned on that date to a time, place and date to be fixed, and will not be reconvened.

### *New Court Meeting*

The New Court Meeting has been convened for eligible Xstrata Shareholders to consider and approve the New Scheme.

At the New Court Meeting, eligible Xstrata Shareholders will be asked to cast their votes on two resolutions in connection with the New Scheme and the Merger, as follows:

NEW SCHEME RESOLUTION 1:

- To approve the New Scheme, **subject to the Revised Management Incentive Arrangements Resolution** to be proposed at the Further Xstrata General Meeting **being passed. The Independent Non-Executive Xstrata Directors unanimously recommend eligible Xstrata Shareholders to vote IN FAVOUR of New Scheme Resolution 1;** and

NEW SCHEME RESOLUTION 2:

- To approve the New Scheme, **subject to the Revised Management Incentive Arrangements Resolution** to be proposed at the Further Xstrata General Meeting **NOT being passed. The Independent Non-Executive Xstrata Directors unanimously recommend eligible Xstrata Shareholders to vote AGAINST New Scheme Resolution 2.**

Before considering how to cast their votes on the Resolutions, eligible Xstrata Shareholders should consider carefully the contents of this document, and should note, in particular, the contents of paragraph 4 of Part I (*Letter from the Chairman of Xstrata*) of this document.

Eligible Xstrata Shareholders should vote on **both** New Scheme Resolution 1 and New Scheme Resolution 2. However, should eligible Xstrata Shareholders wish not to vote on one New Scheme Resolution, they may still vote on the other. Votes cast "FOR" or "AGAINST" New Scheme Resolution 1 will **NOT** be aggregated with, and will **NOT** count towards the requisite majorities for, votes in respect of New Scheme Resolution 2 and vice versa.

**See pages 13 to 14 for specific voting instructions.**

The New Scheme will require the approval of a New Scheme Resolution at the meeting of Scheme Voting Shareholders convened by order of the Court to be held at 2.00 p.m. Central European Time on 20 November 2012 at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland with a concurrent satellite meeting linked by video conference to be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ at 1.00 p.m. London time and for such resolution to become effective in accordance with its terms. The approval required for a New Scheme Resolution is that those voting to approve said resolution must:

- represent a majority in number of those Scheme Voting Shareholders present and voting, either in person or by proxy on such resolution; and
- also represent 75 per cent. or more in value of all Scheme Voting Shares voted by those Scheme Voting Shareholders present and voting, either in person or by proxy on such resolution.

For the avoidance of doubt, no member of the Glencore Group is entitled to vote their shares on the resolutions to approve the New Scheme to be proposed at the New Court Meeting.

### *Further Xstrata General Meeting*

The Further Xstrata General Meeting has been convened for eligible Xstrata Shareholders to consider, amongst other things, the Revised Management Incentive Arrangements.

Resolution 1 to be proposed at the Further Xstrata General Meeting is a special resolution to approve various procedural matters in connection with the implementation of the New Scheme, including (amongst other matters) authorising the Xstrata Directors to take all actions required to carry the New

Scheme into full effect, a share capital reorganisation of Xstrata, the issue of New Xstrata Shares to Glencore and/or its nominees and amendments to the Xstrata Articles. Members of the Glencore Group who are Xstrata Shareholders are entitled to vote their shares in respect of this resolution.

Resolution 2 to be proposed at the Further Xstrata General Meeting is an ordinary resolution to approve the Revised Management Incentive Arrangements. However, as no member of the Glencore Group is an Independent Xstrata Shareholder, no member of the Glencore Group is entitled to vote their shares in respect of the Revised Management Incentive Arrangements Resolution.

The outcome of the vote on the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting will determine which of the two resolutions at the New Court Meeting in relation to the New Scheme will be disregarded, as follows:

- if the Revised Management Incentive Arrangements Resolution **is not** approved, New Scheme Resolution 1 will be disregarded since it will not be capable of becoming effective;
- if the Revised Management Incentive Arrangements Resolution **is** approved, New Scheme Resolution 2 will be disregarded since it will not be capable of becoming effective; and
- the result of the vote on the remaining New Scheme Resolution will then determine whether that resolution becomes effective, and, therefore, whether or not the Merger proceeds (subject to the satisfaction (or, if applicable, the waiver) of the other Conditions).

**See pages 13 to 14 for specific voting instructions.**

The Further Xstrata General Meeting is to be held at the same venue at which the New Court Meeting is to be held, at 2.15 p.m. Central European Time, with a concurrent satellite meeting linked by video conference to be held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ at 1.15 p.m. London time on 20 November 2012 (or as soon thereafter as the New Court Meeting has concluded or been adjourned).

## Voting Instructions

Set out below is an explanation of how you should cast your votes in relation to New Scheme Resolution 1 and New Scheme Resolution 2 to be proposed at the New Court Meeting and the Revised Management Incentive Arrangements Resolution and resolution 1 to be proposed at the Further Xstrata General Meeting, depending on your views on the New Scheme and the Revised Management Incentive Arrangements. These voting instructions are intended only as guidance for eligible Xstrata Shareholders.

### ***New Court Meeting***

**A. If you are in favour of the New Scheme BUT ONLY IF the Revised Management Incentive Arrangements ARE in place, then you should:**

- Vote "**FOR**" New Scheme Resolution 1; **AND**
- Vote "**AGAINST**" New Scheme Resolution 2.

**B. If you are in favour of the New Scheme REGARDLESS of whether or not the Revised Management Incentive Arrangements are in place, then you should:**

- Vote "**FOR**" New Scheme Resolution 1; **AND**
- Vote "**FOR**" New Scheme Resolution 2.

**C. If you are in favour of the New Scheme BUT ONLY IF the Revised Management Incentive Arrangements ARE NOT in place, then you should:**

- Vote "**AGAINST**" New Scheme Resolution 1; **AND**
- Vote "**FOR**" New Scheme Resolution 2.

**D. If you are NOT in favour of the New Scheme REGARDLESS of whether or not the Revised Management Incentive Arrangements are in place, then you should:**

- Vote "**AGAINST**" New Scheme Resolution 1; **AND**
- Vote "**AGAINST**" New Scheme Resolution 2.

### ***Further Xstrata General Meeting***

If you are in any of categories A, B or C above, you should also vote "**FOR**" resolution 1 to be proposed at the Further Xstrata General Meeting. If you are in category D above, you should vote "**AGAINST**" resolution 1 to be proposed at the Further Xstrata General Meeting.

**In addition**, if you are in favour of the Revised Management Incentive Arrangements, then you should vote "**FOR**" the Revised Management Incentive Arrangements Resolution (resolution 2) to be proposed at the Further Xstrata General Meeting. If you are not in favour of the Revised Management Incentive Arrangements, then you should vote "**AGAINST**" the Revised Management Incentive Arrangements Resolution (resolution 2) to be proposed at the Further Xstrata General Meeting.

**Voting in accordance with the recommendation of the Independent Non-Executive Xstrata Directors**

**If you wish to cast your votes in accordance with the recommendation of the Independent Non-Executive Xstrata Directors, then you should:**

**Vote "FOR" New Scheme Resolution 1 to be proposed at the New Court Meeting; AND**

**Vote "AGAINST" New Scheme Resolution 2 to be proposed at the New Court Meeting; AND**

**Vote "FOR" resolution 1 to be proposed at the Further Xstrata General Meeting; AND**

**Vote "FOR" the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting.**

**Before considering how to cast their votes on the Resolutions, eligible Xstrata Shareholders should consider carefully the contents of this document, and should note, in particular, the contents of paragraph 4 of Part I (*Letter from the Chairman of Xstrata*) of this document.**

**If you are in any doubt as to how to cast your vote in line with your views on the New Scheme and the Revised Management Incentive Arrangements, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.**

### **Other points to note**

The New Scheme also requires the sanction of the Court which will follow a hearing at which all Xstrata Shareholders may be present and be heard in person or through representation to support or oppose the sanctioning of the New Scheme.

**If the New Scheme is implemented it will be binding on all holders of Scheme Shares, including any holders of Scheme Voting Shares who did not vote to approve the New Scheme.**

Please check you have received the following with this document:

- a BLUE New Court Meeting Form of Proxy for use in respect of the New Court Meeting on 20 November 2012;
- a PINK Further Xstrata General Meeting Form of Proxy for use in respect of the Further Xstrata General Meeting on 20 November 2012; and
- a reply-paid envelope for use in the United Kingdom for the return of the PINK Further Xstrata General Meeting Form of Proxy **AND** the BLUE New Court Meeting Form of Proxy.

Should any of these documents be missing please contact the shareholder helpline on the number set out above.

**It is important that, for the New Court Meeting in particular, as many votes as possible are cast on each resolution so that the Court may be satisfied that there is a fair representation of the opinion of the Scheme Voting Shareholders. Eligible Xstrata Shareholders should also note that if the relevant high voting thresholds are not met in respect of either New Scheme Resolution, the Merger will lapse.**

**Whether or not you plan to attend the New Shareholder Meetings in person, you are strongly encouraged to sign and return your Further Forms of Proxy or to appoint a proxy electronically, as referred to below, as soon as possible and, in any event, so as to be received by Xstrata's Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom, by the following times and dates:**

- BLUE New Court Meeting Forms of Proxy for the New Court Meeting by 1.00 p.m. (2.00 p.m. Central European Time) on 16 November 2012; and
- PINK Further Xstrata General Meeting Forms of Proxy for the Further Xstrata General Meeting by 1.15 p.m. (2.15 p.m. Central European Time) on 16 November 2012,

or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a working day) prior to the time and date set for the adjourned meeting. This will enable your votes to be counted at the New Shareholder Meetings in the event of your absence.

Alternatively, BLUE New Court Meeting Forms of Proxy for the New Court Meeting (but NOT PINK Further Xstrata General Meeting Forms of Proxy for the Further Xstrata General Meeting) may be handed to representatives of Computershare Investor Services PLC or the Chairman of the New Court Meeting before the start of the New Court Meeting.

The completion and return of a Further Form of Proxy will not prevent you from attending and voting in person at the New Court Meeting, the Further Xstrata General Meeting or any adjournment thereof, if you so wish and are so entitled.

Please note that the WHITE Xstrata General Meeting Form of Proxy sent to Xstrata Shareholders on or around 31 May 2012 for use in connection with the Xstrata General Meeting held at 11.30 a.m. (CEST) on 12 July 2012 and the PINK New Xstrata General Meeting Form of Proxy sent to Xstrata Shareholders on or around 8 August 2012 for use in connection with the New Xstrata General Meeting held at 11.15 a.m. (CEST) on 7 September 2012 shall not be valid for use, and cannot be used, in connection with the Further Xstrata General Meeting.

Please also note that the BLUE Court Meeting Form of Proxy sent to Xstrata Shareholders on or around 31 May 2012 for use in connection with the Court Meeting held at 11.00 a.m. (CEST) on 12 July 2012 and the reconvened Court Meeting held at 11.00 a.m. (CEST) on 7 September 2012 shall not be valid for use, and cannot be used, in connection with the New Court Meeting.

**In order to comply with the requirements of the Panel and Rule 16.2 of the Code, the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting will be taken on a poll and only Independent Xstrata Shareholders are permitted to vote thereon. Any vote cast by an Xstrata Shareholder who is not an Independent Xstrata Shareholder, either in person or by proxy, shall not be counted. If you are in any doubt as to whether or not you are permitted to vote on such resolution, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.**

#### **Certificated Xstrata Shareholders—multiple proxy voting instructions**

Eligible Xstrata Shareholders who hold Xstrata Shares in certificated form are entitled to appoint a proxy, to exercise all or any of their rights to attend and to speak and vote on their behalf at the New Shareholder Meetings, in respect of some or all of their Xstrata Shares and may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. A space has been included on the Further Forms of Proxy to allow certificated Xstrata Shareholders to specify the number of Xstrata Shares in respect of which any such proxy is appointed.

If you wish to appoint more than one proxy in respect of your shareholding, you should photocopy the Further Form of Proxy or call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and

Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.

### **Electronic appointment of proxies**

#### ***Xstrata Shareholders holding Xstrata Shares in certificated form***

Xstrata Shareholders entitled to attend and vote at the New Shareholder Meetings may appoint a proxy electronically by logging on to the website of Computershare Investor Services PLC at [www.eproxyappointment.com](http://www.eproxyappointment.com) and entering the control number, shareholder reference number and personal identification number shown on their Further Forms of Proxy. Full details of the procedure to be followed to appoint a proxy electronically are given on the website. Further information is also included in the instructions included on the Further Forms of Proxy.

#### ***Xstrata Shareholders holding Xstrata Shares in uncertificated form***

Xstrata Shareholders who hold Xstrata Shares in uncertificated form (that is, in CREST) and who wish to appoint a proxy or proxies for the New Shareholder Meetings or any adjournment(s) by using the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by no later than 48 hours (excluding any part of a day that is not a working day) prior to the New Court Meeting or Further Xstrata General Meeting, as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Xstrata may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

The appointment of a proxy or proxies electronically or through CREST shall not preclude an eligible Xstrata Shareholder from attending and voting in person at either New Shareholder Meeting or any adjournment thereof.

### **Existing Xstrata Share Schemes**

Participants in the Existing Xstrata Share Schemes should refer to paragraph 10 of Part II of the Original Scheme Circular for information relating to the effect of the Merger as set out in the Original Scheme Circular on their rights under such share schemes. Such effect will remain the same under the revised terms of the Merger, except that the terms of the Glencore option proposal described on pages 34 to 36 of the Original Scheme Circular are revised so that an exchange of an Xstrata Option (as defined in paragraph 10 of Part II of the Original Scheme Circular) for a New Glencore Option (also as defined in paragraph 10 of Part II of the Original Scheme Circular) on equivalent economic terms as existing Xstrata



Options, will be calculated by reference to the final Merger ratio referred to in paragraph 2 of Part II (*Explanatory Statement*) of this document.

### **Assistance**

**If you have any questions about this document, the Original Scheme Circular, the Supplementary Scheme Circular, the adjourned Court Meeting, the adjourned New Xstrata General Meeting, the New Court Meeting, the Further Xstrata General Meeting or on the completion and return of the Further Forms of Proxy, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.**



**PART I**  
**LETTER FROM THE CHAIRMAN OF XSTRATA**



Registered office:  
Xstrata plc  
1<sup>st</sup> Floor, Almack House  
26-28 King Street  
London SW1Y 6QW

Registered in England and Wales  
with number 04345939

25 October 2012

**To all Xstrata Shareholders and, for information only, participants in the Existing Xstrata Share Schemes**

Dear Xstrata Shareholder,

**Recommended All-Share Merger of Equals of Glencore and Xstrata  
Final Terms**

**1. INTRODUCTION**

The Independent Non-Executive Xstrata Directors believe that the all-share Merger of equals of Glencore and Xstrata has the potential to create superior value for Xstrata Shareholders and that the Merger is in the interests of all Xstrata Shareholders. The Merger will create a new integrated major natural resources group, with increased scale, earnings from a diverse portfolio of natural resources operations, logistics and marketing activities and an improved platform for further growth and value creation.

The original terms of the recommended Merger were announced on 7 February 2012. The Original Scheme Circular was sent to Xstrata Shareholders on 31 May 2012, setting out, amongst other things, the full terms and conditions of the Original Scheme, the Management Incentive Arrangements and an Explanatory Statement, together with the action to be taken by Xstrata Shareholders. The Original Scheme Circular also contained notices convening the Court Meeting and Xstrata General Meeting, both of which were scheduled to be held on 12 July 2012.

The original Merger terms received a high degree of scrutiny by the Independent Non-Executive Xstrata Directors to assess the fairness of the terms for Xstrata Shareholders other than the Glencore Group, the arrangements in place to safeguard the interests of such shareholders following completion of the Merger and the ability of the Combined Group to deliver superior returns.

Following consultation with shareholders, on 27 June 2012 Xstrata announced the key terms of amendments to the structure of the retention award element of the Management Incentive Arrangements in place for 73 key Xstrata managers, as agreed with Glencore. On 8 August 2012, Xstrata sent a Supplementary Scheme Circular to shareholders, setting out the detailed terms of the Amended Management Incentive Arrangements and convening the Court Meeting and New Xstrata General Meeting for 7 September 2012.

On 7 September 2012, Xstrata announced that the Xstrata Directors had received a proposal from Glencore to amend the terms of the Merger as originally described in the Original Scheme Circular and

Supplementary Scheme Circular (the "Proposal"). On 10 September 2012, Glencore announced the detailed terms of the Proposal, including an increased and final merger ratio, conditional upon Ivan Glasenberg assuming the role of CEO of the Combined Group upon Mick Davis's departure six months after the Effective Date. The Independent Non-Executive Xstrata Directors consulted with major Xstrata Shareholders and took into account their views considering the revised terms and the various implications of the proposed change in CEO.

On 1 October 2012, the Glencore Directors and Independent Non-Executive Xstrata Directors announced the final recommended revised terms of the Merger. Under these terms of the Merger, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

**for each Scheme Share: 3.05 New Glencore Shares**

The board and governance structure set out in the Original Scheme Circular remain unchanged, except that Mick Davis will become CEO of the Combined Group for a period of six months from the Effective Date and upon his departure, Ivan Glasenberg will become CEO of the Combined Group. A current Xstrata Group operational executive will replace Mick Davis upon his departure as an executive director of the board of the Combined Entity, to preserve the majority of Xstrata directors on the board.

In addition, the Independent Non-Executive Xstrata Directors have received satisfactory assurances on the governance, future strategy and management of the Combined Group. Ivan Glasenberg has also given an irrevocable undertaking in his capacity as a major shareholder to support the governance structure for a minimum of two years following the Effective Date. The Merger will be implemented via a Court-sanctioned scheme of arrangement to safeguard the requirement that a significant majority of Xstrata Shareholders approve the Merger and to ensure a binary outcome.

The Independent Non-Executive Xstrata Directors and the Glencore Directors continue to believe that the retention of key Xstrata management is critical for the future success of the Combined Group and to ensure the transaction is completed as a merger of equals as contemplated. The Revised Management Incentive Arrangements aim to secure the appropriate skills and experience to run the mining operations within the agreed organisational structure to ensure a smooth integration process, the continued stability of the Combined Group's 150 mining and metallurgical operations and the effective delivery of more than 20 approved major growth projects. Together, mining and metallurgical operations will contribute over 80 per cent. of the Combined Group's earnings\*.

This view was reaffirmed by a number of major shareholders, in particular in the light of the change of CEO, and remains the rationale for retention arrangements. Nonetheless, some shareholders remain opposed to the principle of retention payments and/or to the originally proposed inter-conditional nature of the Merger resolutions. In response to Xstrata Shareholder feedback, the Independent Non-Executive Xstrata Directors have determined that the New Scheme will no longer be conditional on the approval of the Revised Management Incentive Arrangements, meaning that the Merger could proceed even if the Revised Management Incentive Arrangements are not approved.

Consequently, the Independent Non-Executive Xstrata Directors recommend that Xstrata Shareholders vote in favour of the New Scheme but only if the Revised Management Incentive Arrangements Resolution is passed.

## **2. RECOMMENDATION**

**The Independent Non-Executive Xstrata Directors, who have been so advised by each of the Xstrata Financial Advisers, consider the terms of the Merger to be fair and reasonable, but only if the Revised Management Incentive Arrangements Resolution is passed at the Further Xstrata General Meeting. In providing its advice, each of the Xstrata Financial Advisers has taken into account the commercial assessments of the Independent Non-Executive Xstrata Directors.**

**Accordingly, the Independent Non-Executive Xstrata Directors unanimously recommend that eligible Xstrata Shareholders vote:**

- in favour of New Scheme Resolution 1 to be proposed at the New Court Meeting, which is to approve the New Scheme subject to the Revised Management Incentive Arrangements Resolution being passed; and**

---

\* Based on Glencore and Xstrata reported 2011 financial results, the Combined Group's mining and metallurgical operations would have contributed approximately 84 per cent. of 2011 EBIT.

- against New Scheme Resolution 2 to be proposed at the New Court Meeting, which is to approve the New Scheme subject to the Revised Management Incentive Arrangements Resolution not being passed; and
- in favour of each resolution to be proposed at the Further Xstrata General Meeting, including the Revised Management Incentive Arrangements Resolution.

The Independent Non-Executive Xstrata Directors who hold or are beneficially entitled to Xstrata Shares and the Xstrata Executive Directors have each irrevocably undertaken to vote in favour of New Scheme Resolution 1 and in favour of each resolution to be proposed at the Further Xstrata General Meeting (including the Revised Management Incentive Arrangements Resolution) in respect of their own Xstrata Shares and Xstrata Shares to which they are beneficially entitled, representing, in aggregate, approximately 0.1 per cent. of the issued ordinary share capital of Xstrata. None of the Independent Non-Executive Xstrata Directors or the Xstrata Executive Directors have undertaken to vote in favour of New Scheme Resolution 2 and all such directors intend to vote against such resolution, in respect of their own Xstrata Shares and Xstrata Shares to which they are beneficially entitled.

Please refer to paragraph 3 of this Part I and to the “Actions to be Taken” section on pages 4 – 10 of this document and to the Further Forms of Proxy on how you should vote on the Resolutions, depending on your views of the New Scheme and the Revised Management Incentive Arrangements, and if you wish to vote in accordance with the Independent Non-Executive Xstrata Directors’ recommendation.

### 3. VOTING INSTRUCTIONS

Set out below is an explanation of how you should cast your votes in relation to New Scheme Resolution 1 and New Scheme Resolution 2 to be proposed at the New Court Meeting and the Revised Management Incentive Arrangements Resolution and resolution 1 to be proposed at the Further Xstrata General Meeting, depending on your views on the New Scheme and the Revised Management Incentive Arrangements. These voting instructions are intended only as guidance for eligible Xstrata Shareholders.

#### ***New Court Meeting***

- A. **If you are in favour of the New Scheme BUT ONLY IF the Revised Management Incentive Arrangements ARE in place, then you should:**
- Vote **“FOR”** New Scheme Resolution 1; **AND**
  - Vote **“AGAINST”** New Scheme Resolution 2.
- B. If you are in favour of the New Scheme **REGARDLESS of whether or not the Revised Management Incentive Arrangements are in place,** then you should:
- Vote **“FOR”** New Scheme Resolution 1; **AND**
  - Vote **“FOR”** New Scheme Resolution 2.
- C. If you are in favour of the New Scheme **BUT ONLY IF the Revised Management Incentive Arrangements ARE NOT in place,** then you should:
- Vote **“AGAINST”** New Scheme Resolution 1; **AND**
  - Vote **“FOR”** New Scheme Resolution 2.
- D. If you are **NOT in favour** of the New Scheme **REGARDLESS of whether or not the Revised Management Incentive Arrangements are in place,** then you should:
- Vote **“AGAINST”** New Scheme Resolution 1; **AND**
  - Vote **“AGAINST”** New Scheme Resolution 2.

#### ***Further Xstrata General Meeting***

If you are in any of categories A, B or C above, you should also vote **“FOR”** resolution 1 to be proposed at the Further Xstrata General Meeting. If you are in category D above, you should vote **“AGAINST”**

resolution 1 to be proposed at the Further Xstrata General Meeting. Resolution 1 is a procedural resolution to implement the New Scheme.

**In addition**, if you are in favour of the Revised Management Incentive Arrangements, then you should vote "**FOR**" the Revised Management Incentive Arrangements Resolution (resolution 2) to be proposed at the Further Xstrata General Meeting. If you are not in favour of the Revised Management Incentive Arrangements, then you should vote "**AGAINST**" the Revised Management Incentive Arrangements Resolution (resolution 2) to be proposed at the Further Xstrata General Meeting.

***Voting in accordance with the recommendation of the Independent Non-Executive Xstrata Directors***

**If you wish to cast your votes in accordance with the recommendation of the Independent Non-Executive Xstrata Directors, then you should:**

**Vote "FOR" New Scheme Resolution 1 to be proposed at the New Court Meeting; AND**

**Vote "AGAINST" New Scheme Resolution 2 to be proposed at the New Court Meeting; AND**

**Vote "FOR" resolution 1 to be proposed at the Further Xstrata General Meeting; AND**

**Vote "FOR" the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting.**

**Before considering how to cast their votes on the Resolutions, eligible Xstrata Shareholders should consider carefully the contents of this document, and should note, in particular, the contents of paragraph 4 of this Part I.**

**If you are in any doubt as to how to cast your vote in line with your views on the New Scheme and the Revised Management Incentive Arrangements, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.**

**4. INDEPENDENT NON-EXECUTIVE XSTRATA DIRECTORS' ASSESSMENT OF THE REVISED AND FINAL TERMS OF THE MERGER AND THE NEW SCHEME**

Prior to the Independent Non-Executive Xstrata Directors' recommendation of the Merger earlier this year, the board considered a wide range of alternatives to realise value for Xstrata Shareholders. Discussions initiated by Glencore on several occasions over a period of five years about a potential combination were not pursued, despite the clear strategic rationale for the transaction, because Xstrata's board was not satisfied with the overall value proposition and protections for non-Glencore Xstrata Shareholders. Negotiations in late 2011 finally yielded a proposal that, when considered in its entirety, would, in the view of the Independent Non-Executive Xstrata Directors, create superior value for Xstrata Shareholders and should therefore be put to Xstrata Shareholders for consideration.

The original Merger terms received a high degree of scrutiny by the Independent Non-Executive Xstrata Directors to assess the fairness of the terms for Xstrata Shareholders other than the Glencore Group, the arrangements in place to safeguard the interests of such shareholders following completion of the Merger and the ability of the Combined Group to deliver superior returns. The Independent Non-Executive Xstrata Directors' decision to recommend the Original Scheme was dependent upon the agreed governance and management structure (including the Management Incentive Arrangements) as integral and inseparable elements of the transaction. A detailed description of the factors considered by the Independent Non-Executive Xstrata Directors is set out in the Original Scheme Circular.

On 10 September 2012, Glencore announced improved terms of the Merger conditional upon Ivan Glasenberg assuming the role of CEO of the Combined Group upon Mick Davis's departure six months after the Effective Date. The Independent Non-Executive Xstrata Directors have consulted with major Xstrata Shareholders and have taken into account their views regarding these terms and the various implications of the proposed change in CEO.

In considering the Merger, the Independent Non-Executive Xstrata Directors received financial advice from the Xstrata Financial Advisers. Of the Xstrata Financial Advisers, Nomura International plc was also asked to provide financial advice specifically to the Independent Non-Executive Xstrata Directors. Nomura's fee is predominately payable at the discretion of Xstrata irrespective of whether the Merger is implemented or not.

The Independent Non-Executive Xstrata Directors unanimously recommend the revised terms of the Merger, on the basis set out in paragraph 2 of this Part I above, following a process of consultation with major shareholders and of clarification with Glencore on certain aspects of the proposed governance and management arrangements going forward.

In considering the Merger and making this recommendation, the Independent Non-Executive Xstrata Directors have taken into account the following factors:

### ***Strategic rationale***

The strategic rationale for the Merger remains compelling. Combining a major mining company with the leading global commodities marketing group will create a unique business model in the natural resources sector and enhance the Combined Group's capacity to create superior shareholder value. The Merger will also clarify the ownership structure of Xstrata, providing the board and management with a full range of corporate development options. The Independent Non-Executive Xstrata Directors believe that if the Merger does not become effective the prevailing uncertainty surrounding the ownership structure of Xstrata is likely to continue.

### ***Shareholder feedback***

Feedback from Xstrata's consultation with shareholders has highlighted divergent views on a number of key issues. A number of major shareholders have raised heightened concerns over the ability to retain Xstrata operational management and a robust governance structure in light of the change in CEO which was a condition to Glencore's increased merger ratio. Some shareholders are opposed to the inter-conditional nature of the resolutions to approve the Merger and the Amended Management Incentive Arrangements and/or the principle of retention payments.

The Independent Non-Executive Xstrata Directors have sought to address the range of shareholder views in the revised final Merger terms by:

- maintaining the board structure set out in the Original Scheme Document. In addition, Ivan Glasenberg has given an irrevocable undertaking in his capacity as a major shareholder to support the governance structure for a minimum of two years following the Effective Date;
- addressing the risks from the change of CEO, with an Xstrata operational executive being appointed as an executive director of the Combined Entity upon Mick Davis's departure; and
- implementing a voting structure in respect of the New Scheme which takes into account the divergent shareholder views on the Revised Management Incentive Arrangements. Under the New Scheme, passing of the Revised Management Incentive Arrangements Resolution is no longer a condition to the Merger proceeding, and as a result the Merger may proceed even if the Revised Management Incentive Arrangements are not approved. The New Scheme allows eligible Xstrata Shareholders to vote in line with their convictions on both the New Scheme and the Revised Management Incentive Arrangements by decoupling the other resolutions to approve the Merger from the resolution to approve the Revised Management Incentive Arrangements. At the same time, the structure also enables eligible Xstrata Shareholders to approve the Merger only if the Revised Management Incentive Arrangements Resolution at the Further Xstrata General Meeting is passed, in line with the Independent Non-Executive Xstrata Directors' recommendation. The attention of eligible Xstrata Shareholders is drawn to the risks identified in this paragraph 4 of this Part I that the Independent Non-Executive Xstrata Directors

believe should be taken into account in approving the New Scheme without also approving the Revised Management Incentive Arrangements.

### **Financial terms**

The Independent Non-Executive Xstrata Directors, having been so advised by each of the Xstrata Financial Advisers, believe that the revised and final financial terms of the Merger are fair and reasonable as far as Xstrata Shareholders are concerned, provided that the agreed robust governance structure referred to in this document is in place and only if the Revised Management Incentive Arrangements Resolution is passed to provide greater assurance that Xstrata's operational management will transition into the Combined Entity and manage the mining operations that will contribute the vast majority of the Combined Group's earnings. In providing its advice, each of the Xstrata Financial Advisers has taken into account the commercial assessments of the Independent Non-Executive Xstrata Directors.

The ownership in the Combined Entity compensates Xstrata Shareholders for the contribution Xstrata makes in the Combined Group and the potential risks of the proposed Merger. The premium represents an immediate significant value uplift for Xstrata Shareholders, in particular in the light of:

- (i) Glencore's existing 33.65 per cent. shareholding in Xstrata and the fact that there is little prospect of a higher offer from a third party;
- (ii) the fact that in the all-share Merger Xstrata Shareholders will retain a significant shareholding in the Combined Group; and
- (iii) the premium to Xstrata Shareholders comparing favourably with premia paid in comparable merger transactions and in particular mergers involving a major existing shareholder.

The Merger is expected to be earnings and net asset value accretive to Xstrata Shareholders in the first full financial year of the Combined Group before synergies\*.

Significant expected annual EBITDA synergies are estimated to be at least US\$500 million in first full year of Combined Group, predominantly marketing related. The Combined Group will also pursue additional, yet to be identified, Merger-related cost savings of US\$300 million, the achievement of which will determine the vesting of share-based Revised Management Incentive Arrangements for the members of Xstrata's Management, excluding Mick Davis, if the Revised Management Incentive Arrangements Resolution is passed.

### **Governance structure**

The robust governance structure (as set out in paragraph 5 of this Part I) will safeguard the interests of Xstrata Shareholders by providing an appropriate balance to the significant shareholdings of current Glencore executives. Xstrata directors will hold six of eleven positions on the board of the Combined Entity, including Sir John Bond, who will be nominated as non-executive Chairman with the casting vote. Committees of the Board will have the same membership as set out in the Original Scheme Document.

Mick Davis will be a director of the Combined Entity and CEO of the Combined Group for a term of six months following the Effective Date to oversee the integration of the two businesses. Thereafter, Ivan Glasenberg is to become CEO of the Combined Group. A current Xstrata Group operational executive will be nominated by Ivan Glasenberg and agreed with the Chairman and Senior Independent Director to replace Mick Davis upon his departure, as an executive director of the Combined Entity.

The potential risks resulting from the change in leadership have been addressed by Ivan Glasenberg to the satisfaction of the Independent Non-Executive Xstrata Directors.

An irrevocable undertaking has been provided by Ivan Glasenberg representing 8.3 per cent. of the Combined Entity's issued share capital not to use voting rights or other influence in his capacity as a shareholder of Glencore to depart from the agreed governance structure for a minimum of two years following the Effective Date.

Any person appointed by the board of the Combined Entity to replace any non-executive director will be independent for the purposes of the UK Corporate Governance Code and will be selected by the Nominations Committee of the Combined Entity.

---

\* This statement should not be interpreted to mean that earnings per share for Xstrata Shareholders will necessarily be greater than those for the year ended 31 December 2011.



## **Retention of key Xstrata management**

The Independent Non-Executive Xstrata Directors and the Glencore Directors continue to believe that the retention of key Xstrata senior and operational management is critical for the future success of the Combined Group and to ensure the transaction is completed as a merger of equals as contemplated. The Revised Management Incentive Arrangements aim to secure the appropriate skills and experience to run the mining operations that will contribute over 80 per cent. of the Combined Group's earnings\*.

The retention of key Xstrata senior and operational managers, the revised and final exchange ratio and the governance structure together form the value proposition of the Merger for Xstrata Shareholders. Consequently, the Independent Non-Executive Xstrata Directors recommend that Xstrata Shareholders vote in favour of the Revised Management Incentive Arrangements Resolution and in favour of the New Scheme but only if the Revised Management Incentive Arrangements Resolution is passed.

The Independent Non-Executive Xstrata Directors' recommendation is consistent with the original recommendation to eligible Xstrata Shareholders to approve the inter-conditional Merger and the Management Incentive Arrangements resolutions, while the New Scheme structure gives shareholders a choice in respect of the two resolutions.

The Independent Non-Executive Xstrata Directors believe that the Revised Management Incentive Arrangements provide greater assurance that key Xstrata senior and operational managers will be retained within the agreed organisational structure to ensure a smooth integration process, the ongoing stability of the Combined Group's 150 mining and metallurgical operations and the effective delivery of more than 20 approved major growth projects. If the Merger becomes effective without the Revised Management Incentive Arrangements being approved, the new contracts of employment for Xstrata's Management (for the avoidance of doubt, not including Mick Davis) with the Combined Group containing the Revised Management Incentive Arrangements will not take effect. Accordingly, the Independent Non-Executive Xstrata Directors believe that there is less certainty that members of Xstrata's Management and Xstrata Senior Employees will remain in place and transition into the Combined Group. Therefore, without the ability to retain key senior and operational managers through the Revised Management Incentive Arrangements, the Independent Non-Executive Xstrata Directors believe that the value proposition of the Combined Entity is at risk.

As set out in paragraph 6 of this Part I Mick Davis's new contract of employment with the Combined Group will take effect immediately following the Effective Date but Mick Davis may in his sole discretion terminate his new contract of employment before the end of the six-month period from the Effective Date if the Revised Management Incentive Arrangements Resolution is not approved by eligible Xstrata Shareholders.

## **5. GOVERNANCE AND MANAGEMENT STRUCTURE FOR THE COMBINED GROUP**

### ***Board of directors and committees of the board of the Combined Entity***

Save for those amendments summarised below, the board and committees structure of the Combined Entity shall be as set out on page 15 of the Original Scheme Circular under the heading "Board composition" and on page 17 of the Original Scheme Circular under the heading "Executive Committee".

Current Xstrata CEO, Mick Davis will become CEO of the Combined Group for a period of six months following the Effective Date (further details of the terms of the arrangement between Mick Davis and the Combined Entity are set out in paragraph 6 of this Part I. Thereafter, he will cease to be on the board of directors of the Combined Entity and CEO of the Combined Group and will be replaced as CEO of the Combined Group by Ivan Glasenberg, current Glencore CEO, whereupon the role of President/Deputy CEO will cease to exist.

After the Effective Date, the person appointed by the board of directors of the Combined Entity 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.

---

\* Based on Glencore and Xstrata reported 2011 financial results, the Combined Group's mining and metallurgical operations would have contributed approximately 84 per cent. of 2011 EBIT.

In the case of Mick Davis, the person appointed by the board of directors of the Combined Entity 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.

### ***Management and organisational structure***

Save for amendments to reflect the fact that Mick Davis will cease to be CEO of the Combined Group or on the board of directors of the Combined Entity after the initial six months from the Effective Date and that Ivan Glasenberg will become CEO of the Combined Group with all the customary powers of a CEO, the proposed management and organisational structure of the Combined Group will be as described on pages 15 to 17 inclusive of the Original Scheme Circular under the heading "Management structure" and on pages 17 and 18 of the Original Scheme Circular under the heading "Organisational structure".

Ivan Glasenberg has irrevocably undertaken in respect of his shareholding of approximately 8.3 per cent. of the Combined Entity's enlarged issued share capital not to use his voting rights or other influence in his capacity as a shareholder of Glencore to depart from the agreed governance principles for the Combined Group referred to above for a period of not less than two years following the Effective Date. In addition, the Principal Shareholders, who in aggregate will hold approximately 11.9 per cent. of the Combined Entity's issued share capital, have indicated their support for the governance principles referred to above.

## **6. MANAGEMENT INCENTIVE ARRANGEMENTS**

### ***Arrangements for Mick Davis***

If the Merger completes in accordance with the final revised terms, Mick Davis will serve as the CEO of the Combined Group and as a director of the Combined Entity for a period of six months from the Effective Date. Mick Davis will not participate in the Revised Management Incentive Arrangements (i.e. the "retention awards" (described on pages 31 and 32 of the Original Scheme Circular) to be paid in the form of Glencore Shares (as described on pages 15 and 16 of the Supplementary Scheme Circular), and the guaranteed awards granted under the Glencore PSP (as defined in and described on page 33 of the Original Scheme Circular and page 17 of the Supplementary Scheme Circular)). The existing 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 Supplementary Scheme Circular) has been terminated.

Mick Davis has waived his rights to the "retention awards" to be granted under the New Xstrata 2012 Plan and therefore the terms of the Revised New Xstrata 2012 Plan do not allow for the grant of 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 100 per cent. of his annual salary, 2011 bonus and other benefits and pension allowance (which in total 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) and which are summarised on page 88 of the Original Scheme Circular. Mick Davis's entitlements to contributions under his retirement benefit plan will be paid in accordance with the plan rules (as further described under the "retirement benefits" section of paragraph 6.1 of Part V (*Additional Information*) of this document), 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.

Mick Davis has entered into a new agreement with the Combined Group for a fixed 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, Mick Davis will be appointed as CEO of the Combined Group with all the customary powers of a CEO 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 and, where relevant, 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 the agreement with the Combined Group further specify that, if there is a termination of Mick Davis's employment by the Combined Group in breach of the agreement during the six-month 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 Revised Management Incentive Arrangements Resolution 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 employment agreement with the Combined Group does not contemplate any extension beyond six months.

### ***Revised Management Incentive Arrangements for members of Xstrata's Management and Xstrata Senior Employees***

All members of Xstrata's Management 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 Revised Management Incentive Arrangements Resolution is passed at the Further Xstrata General Meeting. These new contracts of employment reflect the fact that Mick Davis will cease to be a director of the Combined Entity and CEO of the Combined Group after the initial six months period following the Effective Date and that this will no longer constitute an amendment to the agreed governance structure, which would have been a "valid reason" for such members of Xstrata's Management to terminate their contracts of employment. Such individuals' employment with the Combined Group will only come into effect if the New Scheme becomes effective and the Revised Management Incentive Arrangements Resolution is passed by eligible Xstrata Shareholders at the Further Xstrata General Meeting.

As regards all participants in the Revised Management Incentive Arrangements (namely Xstrata's Management and the Xstrata Senior Employees), the agreements under which such individuals will be entitled to the Revised Management Incentive Arrangements, including the terms of the Revised New Xstrata 2012 Plan under which the "retention awards" are to be granted, have been amended to reflect the fact that Mick Davis will cease to be a director of the Combined Entity and CEO of the Combined Group after the initial six months following the Effective Date, which 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 awards" granted under the Revised New Xstrata 2012 Plan. Such relevant individuals will only be entitled to the Revised Management Incentive Arrangements if the New Scheme becomes effective and the Revised Management Incentive Arrangements Resolution is passed by eligible Xstrata Shareholders at the Further Xstrata General Meeting.

Save as set out above, the various elements of the Management Incentive Arrangements set out on pages 31 – 34 inclusive of the Original Scheme Circular and the Amended Management Incentive Arrangements set out on pages 14 – 18 inclusive of the Supplementary Scheme Circular, namely the retention award element, the payments in respect of contractual provisions and the grants to be made under the Glencore Performance Share Plan, shall constitute the Revised Management Incentive Arrangements. The arrangements for Mick Davis described above do not form part of the Revised Management Incentive Arrangements.

For details of the complete final terms of the Revised Management Incentive Arrangements, please refer to paragraph 3 of Part II (*Explanatory Statement*) of this document.

## **7. CURRENT TRADING AND PROSPECTS**

### **Xstrata Current Trading and Prospects**

Please refer to Xstrata's Interim Management Statement and Third Quarter Production Report, which was released on 17 October 2012 and is reproduced in the Appendix to this document.

## **Glencore Current Trading and Prospects**

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.

## **8. UPDATE ON REGULATORY 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). 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 an in-depth Phase II review. 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 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 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 Glencore.

## **9. CONDITIONS**

Your attention is drawn to Part IV (*Conditions and certain further terms of the New Scheme and the Merger*) of this document, which sets out the Conditions and certain further terms of the New Scheme and the Merger. The differences between the Conditions and those conditions to the Merger set out in Part IV of the Original Scheme Circular are set out in paragraph 8 of Part II (*Explanatory Statement*) of this document.

To become effective, the Merger requires the satisfaction (or, if capable of waiver, the waiver) of various Conditions by no later than 31 December 2012 or such later date (if any) as Glencore and Xstrata may, with the consent of the Panel, agree and (if required) the Court may allow.

## **10. ACTION TO BE TAKEN**

Further details of the New Court Meeting and the Further Xstrata General Meeting are set out in paragraph 6 of Part II (*Explanatory Statement*) of this document.

Your attention is drawn to paragraph 3 of this Part I and to the "Actions to be Taken" section on pages 4 – 10 of this document and to the Further Forms of Proxy which explain in detail how you should vote on the Resolutions, depending on your views of the New Scheme and the Revised Management Incentive Arrangements, and if you wish to vote in accordance with the Independent Non-Executive Xstrata Directors' recommendation.

It is important that, for the New Court Meeting in particular, as many votes as possible are cast on each New Scheme Resolution so that the Court may be satisfied that there is a fair representation of the opinion of the Scheme Voting Shareholders. Eligible Xstrata Shareholders should note that if the relevant high voting thresholds are not met in respect of either New Scheme Resolution, the Merger will lapse.

Whether or not you plan to attend the New Shareholder Meetings in person, you are strongly encouraged to sign and return your Further Forms of Proxy, or to appoint a proxy electronically.

In order to comply with the requirements of the Panel and Rule 16.2 of the Code, the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting will be taken on a poll and only Independent Xstrata Shareholders are permitted to vote thereon. Any vote cast by an Xstrata Shareholder who is not an Independent Xstrata Shareholder, either in person or by proxy, shall not be counted. If you are in any doubt as to whether or not you are permitted to vote on such resolution, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Bond', written in a cursive style.

Sir John Bond  
Non-Executive Chairman  
Xstrata plc

**PART II**  
**EXPLANATORY STATEMENT**

*(in compliance with section 897 of the Companies Act 2006)*



J.P.Morgan CAZENOVE



NOMURA

25 October 2012

**To all Xstrata Shareholders and, for information only, participants in the Existing Xstrata Share Schemes**

Dear Xstrata Shareholder,

**Recommended All-Share Merger of Equals of Glencore and Xstrata  
Final Terms**

**1. INTRODUCTION**

On 1 October 2012, the Glencore Directors and Independent Non-Executive Xstrata Directors announced the final recommended revised terms of the Merger. The Merger will be implemented via a Court-sanctioned scheme of arrangement to safeguard the requirement that a significant majority of Xstrata Shareholders approve the Merger and to ensure a binary outcome.

The Independent Non-Executive Xstrata Directors recommend that Xstrata Shareholders vote in favour of the New Scheme but only if the resolution to approve the Revised Management Incentive Arrangements is passed.

The Independent Non-Executive Xstrata Directors have been advised by the Xstrata Financial Advisers in connection with the Merger and the New Scheme. We have been authorised by the Independent Non-Executive Xstrata Directors to write to you to explain the final recommended revised terms of the Merger and to provide you with other relevant information.

Your attention is drawn to the letter from the Chairman of Xstrata set out in Part I (*Letter from the Chairman of Xstrata*) of this document which, together with the rest of this document, the Original Scheme Circular and the Supplementary Scheme Circular as set out in paragraph 11 of this Part II, forms part of this explanatory statement. That letter explains, amongst other things, the reasons for the recommendation by the Independent Non-Executive Xstrata Directors.

Your attention is also drawn to the further information as set out in paragraph 11 of this Part II and to the revised expected timetable of principal events set out on page 2 of this document. Please note that the timings set out in this document are indicative only and subject to change.

**2. SUMMARY OF THE REVISED TERMS OF THE MERGER**

Under the final revised terms of the Merger, which are subject to the Conditions and further terms which are set out in Part IV (*Conditions and certain further terms of the New Scheme and the Merger*) of this document, 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 342.90 pence on 23 October 2012, the Merger values each Xstrata Share at 1,045.85 pence and the entire issued and to be issued share capital of Xstrata at approximately £31.9 billion (\$50.8 billion).

The final Merger ratio of 3.05:

- is approximately 17.6 per cent. higher than the ratio of 2.59 implied by the middle market closing share prices of Xstrata and Glencore on 1 February 2012, being the last business day prior to the announcement by Xstrata that it was in discussions with Glencore;

- is approximately 25.5 per cent. higher than the ratio of 2.43 being the average of the ratios implied by the middle market closing share prices of the two companies between 3 September 2012 and 6 September 2012, the latter being the last business day prior to the announcement by Xstrata of the revised proposal from Glencore;
- is approximately 58.5 per cent. higher than the lowest ratio of 1.92 implied by the middle market closing share prices of the two companies between Glencore's IPO on 19 May 2011 and 1 February 2012, being the last day prior to the announcement by Xstrata that it was in discussions with Glencore; and
- exceeds the highest ratio of 2.90 implied by the middle market closing share prices of the two companies between Glencore's IPO on 19 May 2011 and 1 February 2012, being the last day prior to the announcement by Xstrata that it was in discussions with Glencore.

Current Xstrata CEO, Mick Davis will become CEO of the Combined Group for a period of six months following the Effective Date (further details of the terms of the arrangement between Mick Davis and the Combined Entity are set out in paragraph 6 of Part I (*Letter from the Chairman of Xstrata*) of this document). Thereafter, he will cease to be on the board of directors of the Combined Entity and CEO of the Combined Group and will be replaced as CEO of the Combined Group by Ivan Glasenberg, current Glencore CEO, whereupon the role of President/Deputy CEO will cease to exist.

**Further details on the terms of the Revised Management Incentive Arrangements are described in paragraph 3 of this Part II below.**

### ***Revised structure 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. Glencore reserves the right to elect, with the consent of the Panel (where necessary) and with Xstrata's prior written consent, to implement the Merger by way of a Merger Offer.

The Independent Non-Executive Xstrata Directors, with the agreement of Glencore, propose that under the revised final terms of the Merger, the passing of the Revised Management Incentive Arrangements Resolution is no longer a condition to the Merger proceeding, meaning that the Merger may proceed if requisite majorities of eligible Xstrata Shareholders approve the New Scheme, even if the Revised Management Incentive Arrangements are not approved.

The Independent Non-Executive Xstrata Directors, with the agreement of Glencore, propose that the voting structure for the New Scheme will involve the following two resolutions being proposed to eligible Xstrata Shareholders at the New Court Meeting:

New Scheme Resolution 1:

a resolution to approve the New Scheme, **subject to the Revised Management Incentive Arrangements Resolution** to be proposed at the Further Xstrata General Meeting **being passed. The Independent Non-Executive Xstrata Directors unanimously recommend eligible Xstrata Shareholders to vote IN FAVOUR of New Scheme Resolution 1;** and

New Scheme Resolution 2:

a resolution to approve the New Scheme, **subject to the Revised Management Incentive Arrangements Resolution** to be proposed at the Further Xstrata General Meeting **NOT being passed. The Independent Non-Executive Xstrata Directors unanimously recommend eligible Xstrata Shareholders to vote AGAINST New Scheme Resolution 2.**

Eligible Xstrata Shareholders should vote on **both** New Scheme Resolution 1 and New Scheme Resolution 2. However, should eligible Xstrata Shareholders wish not to vote on one New Scheme Resolution, they may still vote on the other. Votes cast "FOR" or "AGAINST" New Scheme Resolution 1 will **NOT** be aggregated with, and will **NOT** count towards the requisite majorities for, votes in respect of New Scheme Resolution 2 and vice versa.

**See pages 13 to 14 for specific voting instructions.**

Eligible Xstrata Shareholders should also vote on the resolutions to be proposed at the Further Xstrata General Meeting, one of which will be an ordinary resolution to approve the Revised Management

Incentive Arrangements. The outcome of the vote on the ordinary resolution to approve the Revised Management Incentive Arrangements at the Further Xstrata General Meeting will determine which of the two New Scheme Resolutions will be disregarded as follows:

- If the Revised Management Incentive Arrangements are approved then New Scheme Resolution 2 will be disregarded.
- If the Revised Management Incentive Arrangements are not approved, then New Scheme Resolution 1 will be disregarded.
- The result of the vote on the remaining New Scheme Resolution will then determine whether or not the resolution becomes effective and, therefore, whether or not the Merger proceeds (subject to the satisfaction (or, if applicable, the waiver) of the other Conditions).

This voting structure provides eligible Xstrata Shareholders with the ability to vote against the resolution to approve the Revised Management Incentive Arrangements in the knowledge that a vote against the Revised Management Incentive Arrangements is not necessarily a vote against the Merger. It also preserves the ability of eligible Xstrata Shareholders to vote in favour of the New Scheme but only if the Revised Management Incentive Arrangements are approved. However, the Independent Non-Executive Xstrata Directors recommend unanimously that eligible Xstrata Shareholders vote to approve New Scheme Resolution 1 and the Revised Management Incentive Arrangements. Eligible Xstrata Shareholders should note that if the relevant high voting thresholds are not met in respect of either New Scheme Resolution, the Merger will lapse.

### **3. REVISED MANAGEMENT INCENTIVE ARRANGEMENTS**

#### ***Consolidated final terms of the Revised Management Incentive Arrangements***

The various elements of the Management Incentive Arrangements set out on pages 31 - 34 inclusive of the Original Scheme Circular, as amended by the Amended Management Incentive Arrangements set out on pages 14 - 19 inclusive of the Supplementary Scheme Circular and further revised as set out in paragraph 6 of Part I (*Letter from the Chairman of Xstrata*) of this document shall constitute the Revised Management Incentive Arrangements.

As described in paragraph 6 of Part I (*Letter from the Chairman of Xstrata*) of this document Mick Davis will not participate in the Revised Management Incentive Arrangements (i.e. the "retention awards" (described on pages 31 and 32 of the Original Scheme Circular) to be paid in the form of Glencore Shares (as described on pages 15 and 16 of the Supplementary Scheme Circular), and the guaranteed awards granted under the Glencore PSP (as defined in and described on page 33 of the Original Scheme Circular and page 17 of the Supplementary Scheme Circular)). 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 Supplementary Scheme Circular) has been terminated.

In order to provide shareholders with a complete description of the Revised Management Incentive Arrangements, set out below is a consolidated description of the Revised Management Incentive Arrangements.

A summary of the payments to be made is also set out in the table on page 27.

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

All members of Xstrata's Management 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 Revised Management Incentive Arrangements Resolution is passed at the Further Xstrata General Meeting. These new contracts of employment reflect the fact that Mick Davis will cease to be a director of the Combined Entity and CEO of the Combined Group after the initial six-month period following the Effective Date 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 contracts of employment.



## Proposed retention award element of Revised Management Incentive Arrangements

Each member of Xstrata's Management 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 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" of this paragraph 3, which appears on page 27. 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 Mr Zaldumbide, who does not receive retirement or other benefits. As a result, the value of each tranche of Mr 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 New 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 and the Xstrata Senior Employees will be paid entirely in the form of an award over or in respect to 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 (but not for the Xstrata Senior Employees) will be subject to performance conditions based on realising additional Savings over the two years following the Effective Date. Full vesting will be achieved if 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\*.

In the case of Xstrata's Management 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 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 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 Savings realised over the two year period, with full vesting only occurring if at least US\$300 million of 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.

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 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.

\* 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 Scheme Shareholders will necessarily be greater than those for the year ended 31 December 2011.

The retention share awards will be granted at the conclusion of the Further Xstrata General Meeting, assuming the Revised Management Incentive Arrangements Resolution 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.

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 New 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.

#### **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 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 New Scheme becoming effective, the Revised Management Incentive Arrangements Resolution 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.

Mr Reid and Mr Zaldumbide will not be appointed to the board of the Combined Group. Accordingly, Xstrata has agreed to make a payment to "buy out" Mr Reid's and Mr 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 Mr Reid and £3,942,785 in the case of Mr Zaldumbide.

In addition, arrangements structured in a similar way to those proposed for Xstrata's Management 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 and the Xstrata Senior Employees in relation to these payments and arrangements are set out below under the sub-paragraph entitled "Summary of Revised Management Incentive Arrangements" of this paragraph 3, which appears on page 27.

#### **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 New Scheme becoming effective and the Revised Management Incentive Arrangements Resolution 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 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 Mr Reid and Mr Zaldumbide under the Xstrata LTIP in February 2012 are as follows:

|                         |      |
|-------------------------|------|
| Mr Reid . . . . .       | 400% |
| Mr 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, (b) Xstrata's Management, 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 |   |  |
| Mr Davis <sup>(4)</sup> . . . . .                    | N/A   | N/A         | N/A  | N/A   | N/A  |
| Mr Reid . . . . .                                    | £5,451,848  | £5,451,848  | N/A  | £5,451,848  | £3,260,000   |
| Mr Zaldumbide . . . . .                              | £3,942,785  | £3,942,785  | N/A  | £3,942,785  | £2,600,000   |
| Xstrata's Management <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 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. In the case of Mr Reid the relevant multiple is 400 per cent., in the case of Mr Zaldumbide, the multiple is 300 per cent. and in the case of the other members of Xstrata's Management, the multiple is 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 shown in the above table will be reduced accordingly.
- (7) A senior member of the Alloys management team who has assumed greater responsibility following Mr. 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 Mr. Nienaber was previously entitled. The remaining value of Mr. 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 senior and operational employees in total are eligible to receive retention awards. Of those 65 employees, 27 are eligible to receive payments in respect of contractual provisions.

**The Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting will be taken on a poll and only Independent Xstrata Shareholders are permitted to vote thereon. Any vote cast by an Xstrata Shareholder who is not an Independent Xstrata Shareholder, either in person or by proxy, shall not be counted.** To be passed, the Revised Management Incentive Arrangements Resolution will require a simple majority of all Xstrata Shares voted by those Independent Xstrata Shareholders present and voting, either in person or by proxy, to be voted in favour of the Revised Management Incentive Arrangements Resolution. No member of the Glencore Group (nor any person acting in concert with Glencore), nor any of Xstrata's Management, nor any of the Xstrata Senior Employees are Independent Xstrata Shareholders and, pursuant to the requirements of Rule 16.2 of the Code are not, therefore, entitled to vote on the Revised Management Incentive Arrangements Resolution. **Each of the Xstrata Financial Advisers has reviewed the terms of the Revised Management Incentive Arrangements and each of them considers them to be fair and reasonable so far as the Independent Xstrata Shareholders are concerned. In providing its advice, each of the Xstrata Financial Advisers has taken into account the commercial assessments of the Independent Non-Executive Xstrata Directors.**

#### **4. EXISTING XSTRATA SHARE SCHEMES**

Participants in the Existing Xstrata Share Schemes should refer to paragraph 10 of Part II of the Original Scheme Circular for information relating to the effect of the Merger as set out in the Original Scheme Circular on their rights under such share schemes. Such effect will remain the same under the revised terms of the Merger, except that the terms of the Glencore option proposal described on pages 34 to 36 of the Original Scheme Circular are revised so that an exchange of an Xstrata Option (as defined in paragraph 10 of Part II of the Original Scheme Circular) for a New Glencore Option (also as defined in paragraph 10 of Part II of the Original Scheme Circular) on equivalent economic terms as existing Xstrata Options, will be calculated by reference to the final Merger ratio referred to in paragraph 2 of this Part II.

#### **5. IRREVOCABLE UNDERTAKINGS**

In aggregate, 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 New Scheme in accordance with the recommendation of the Independent Non-Executive Xstrata Directors in respect of 3,519,387 Xstrata Shares, representing in aggregate approximately 0.1 per cent. of Xstrata's existing issued share capital.

In aggregate, Xstrata and Glencore have received irrevocable undertakings from those of the Glencore Directors who hold or are beneficially entitled to Glencore Shares and also from the Principal Shareholders to vote in favour of the resolutions to be proposed at the adjourned Glencore General Meeting to approve the Merger and related resolutions in respect of 2,691,111,828 Glencore Shares, representing in aggregate approximately 37.9 per cent. of Glencore's existing issued share capital.

Further details of the irrevocable undertakings are set out in paragraph 4 of Part V (*Additional Information*) of this document.

#### **6. DESCRIPTION OF THE NEW SCHEME AND THE NEW SHAREHOLDER MEETINGS**

##### **The New Scheme**

Due to the proposed changes to the terms of the Merger as originally described in the Original Scheme Circular and the Supplementary Scheme Circular, the Merger will be implemented by a new scheme of arrangement under Part 26 of the Companies Act. The provisions of the New Scheme are set out in full in Part A of Part III (*The New Scheme of Arrangement*) of this document and the changes to the Original Scheme highlighted in Part B of Part III (*The New Scheme of Arrangement*) of this document.

Under the terms of the New Scheme, and as described in paragraph 2 of this Part II, in consideration for the cancellation of the B Shares and the allotment and issue of the New Xstrata Shares, Glencore shall (subject to the provisions of the New Scheme) allot and issue to Scheme Shareholders who appear in the register of members of the Company at the Scheme Record Time:

**for every Scheme Share: 3.05 New Glencore Shares.**

Other than the Merger ratio set out above and various changes to defined terms in the New Scheme arising from the changes to the terms of the Merger since the date of the Original Scheme Circular, the

terms of the New Scheme are unchanged from the terms of the Original Scheme as set out in Part III (*Scheme of Arrangement*) of the Original Scheme Circular.

Before the Court's approval can be sought to sanction the New Scheme, a New Scheme Resolution will require both the approval of the requisite majority of Scheme Voting Shareholders at the New Court Meeting and to become effective in accordance with its terms. It will also require the passing of resolution 1 to be proposed at the Further Xstrata General Meeting.

Notices of the New Court Meeting and the Further Xstrata General Meeting are set out in Part VII (*Notice of New Court Meeting*) and Part VIII (*Notice of Further Xstrata General Meeting*) of this document, respectively.

All Scheme Voting Shareholders (in respect of the New Court Meeting) and all Xstrata Shareholders (in respect of the Further Xstrata General Meeting, other than in relation to the Revised Management Incentive Arrangements Resolution on which only Independent Xstrata Shareholders may vote) whose names appear on the register of members of Xstrata at the Scheme Record Voting Time, or, if either New Shareholder Meeting is adjourned, on the register of members at 6.00 p.m. on the date two business days before the date set for the adjourned New Shareholder Meeting(s), shall be entitled to attend and vote at the relevant meeting in respect of the number of Xstrata Shares registered in their name at the relevant time.

### **The New Court Meeting**

At the New Court Meeting, eligible Xstrata Shareholders will be asked to cast their vote on both of the following resolutions in connection with the New Scheme and the Merger, as follows:

New Scheme Resolution 1:

a resolution to approve the New Scheme, **subject to the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting being passed. The Independent Non-Executive Xstrata Directors unanimously recommend eligible Xstrata Shareholders to vote IN FAVOUR of New Scheme Resolution 1;** and

New Scheme Resolution 2:

a resolution to approve the New Scheme, **subject to the Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting NOT being passed. The Independent Non-Executive Xstrata Directors unanimously recommend eligible Xstrata Shareholders to vote AGAINST New Scheme Resolution 2.**

Each New Scheme Resolution requires that those voting to approve such resolution must:

- represent a majority in number of those Scheme Voting Shareholders present and voting, either in person or by proxy; and
- also represent 75 per cent. or more in value of all Scheme Voting Shares voted by those Scheme Voting Shareholders present and voting, either in person or by proxy.

### **The Further Xstrata General Meeting**

At the Further Xstrata General Meeting, eligible Xstrata Shareholders will be asked to consider and, if thought fit:

- (a) pass a resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:
  - (i) the authorisation of the Xstrata Directors to take all such action as they may consider necessary or appropriate for carrying the New Scheme into full effect;
  - (ii) the reclassification of the Excluded Shares and Scheme Shares into A Shares and B Shares respectively;
  - (iii) the cancellation of the B Shares in accordance with the New Scheme, representing a reduction of Xstrata's share capital equal to the aggregate nominal value of such shares;
  - (iv) the giving of authority to the directors of Xstrata pursuant to section 551 of the Companies Act to allot securities in Xstrata;

- (v) the subsequent issue of New Xstrata Shares to Glencore and/or its nominee(s) in accordance with the New Scheme; and
  - (vi) certain amendments to the Xstrata Articles (as described in the notice of Further Xstrata General Meeting set out in Part VIII (*Notice of Further Xstrata General Meeting*) of this document); and
- (b) pass a resolution (which requires votes in favour of Independent Xstrata Shareholders representing more than 50 per cent. of the votes cast) to approve:
- (i) the Revised Management Incentive Arrangements; and
  - (ii) the establishment of the Revised New Xstrata 2012 Plan.

**The Revised Management Incentive Arrangements Resolution to be proposed at the Further Xstrata General Meeting will be taken on a poll and only Independent Xstrata Shareholders are permitted to vote thereon. Any vote cast by an Xstrata Shareholder who is not an Independent Xstrata Shareholder, either in person or by proxy, shall not be counted.** To be passed, the Revised Management Incentive Arrangements Resolution will require a simple majority of all Xstrata Shares voted by those Independent Xstrata Shareholders present and voting, either in person or by proxy, to be voted in favour of the Revised Management Incentive Arrangements Resolution. No member of the Glencore Group (nor any person acting in concert with Glencore), nor any of Xstrata's Management, nor any of the Xstrata Senior Employees are Independent Xstrata Shareholders and, pursuant to the requirements of Rule 16.2 of the Code are not, therefore, entitled to vote on the Revised Management Incentive Arrangements Resolution. **Each of the Xstrata Financial Advisers has reviewed the terms of the Revised Management Incentive Arrangements and each of them considers them to be fair and reasonable so far as the Independent Xstrata Shareholders are concerned. In providing its advice, each of the Xstrata Financial Advisers has taken into account the commercial assessments of the Independent Non-Executive Xstrata Directors.**

## 8. CONDITIONS AND CERTAIN FURTHER TERMS OF THE NEW SCHEME AND THE MERGER

The Conditions and certain further terms of the New Scheme and the Merger are set out in full in Part IV (*Conditions and certain further terms of the New Scheme and the Merger*) of this document. Other than definitional changes, amending the long stop date and as set out below, the Conditions are unchanged from those set out in Part IV of the Original Scheme Circular and Part III of the Supplementary Scheme Circular.

Condition 2.1 of Part A is now:

"a resolution to approve the New Scheme being duly passed by a majority in number of the Scheme Shareholders who are on the register of members of Xstrata at the Scheme Voting Record Time, and who are present and vote, whether in person or by proxy, at the New Court Meeting and at any separate class meeting which may be required (or any adjournment thereof) and who represent not less than 75 per cent. in value of the Scheme Shares held by those Scheme Shareholders, and such resolution becoming effective in accordance with its terms;"

The amendments to the Condition described above and to the certain further terms have been made as a consequence of the revised structure of the Merger set out in paragraph 2 of this Part II.

## 9. TAXATION

Shareholders are referred to Part V of the Original Scheme Circular in connection with the tax implications of the New Scheme. Any UK tax-resident Xstrata Shareholders owning more than 5 per cent. of the Xstrata Shares in issue may wish to note that the capital gains tax clearance referred to in Part V of the Original Scheme Circular (see, in particular, the paragraph entitled "United Kingdom tax consequences of the Scheme") was successfully obtained on 28 May 2012.

## 10. OFFER-RELATED ARRANGEMENTS

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.

## 11. FURTHER INFORMATION

Your attention is drawn to Part II (*Explanatory Statement*) of the Original Scheme Circular, Part II (*Supplementary Explanatory Statement*) of the Supplementary Scheme Circular, Part I (*Letter from the Chairman of Xstrata*) of this document, and to the following other sections of this document, which, together with the rest of this document, Part II (*Explanatory Statement*) of the Original Scheme Circular, the rest of the Original Scheme Circular, Part II (*Supplementary Explanatory Statement*) of the Supplementary Scheme Circular, and the rest of the Supplementary Scheme Circular form part of this Explanatory Statement:

|           |   |
|-----------|---|
| Part IV   | Conditions and certain further terms of the New Scheme and the Merger |
| Part V    | Additional Information  |
| Part VI   | Definitions   |
| Part VII  | Notice of New Court Meeting   |
| Part VIII | Notice of Further Xstrata General Meeting                             |

## 12. ACTION TO BE TAKEN

It is important that, for the New Court Meeting in particular, as many votes as possible are cast on each New Scheme Resolution so that the Court may be satisfied that there is a fair representation of shareholder opinion. Eligible Xstrata Shareholders should note that if the relevant high voting thresholds are not met in respect of either New Scheme Resolution, the Merger will lapse. Please refer to paragraph 3 of Part I (*Letter from the Chairman of Xstrata*) of this document and to the "Actions to be Taken" section on pages 4 – 10 of this document and to the Further Forms of Proxy on how you should vote on the Resolutions, depending on your views of the New Scheme and the Revised Management Incentive Arrangements, and if you wish to vote in accordance with the Independent Non-Executive Xstrata Directors' recommendation.

Yours faithfully,

**Nigel Robinson**  
*Managing Director*  
For and on behalf of  
Deutsche Bank AG,  
London Branch

**Barry Weir**  
*Managing Director*  
For and on behalf of  
J.P. Morgan Limited

**Brett Olsher**  
*Managing Director*  
For and on behalf of  
Goldman Sachs  
International

**William Vereker**  
*Managing Director*  
For and on behalf of  
Nomura International  
plc

**PART III**  
**PART A**  
**THE NEW SCHEME OF ARRANGEMENT**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

No. 8002 of 2012

IN THE MATTER OF XSTRATA PLC  
– and –  
IN THE MATTER OF THE COMPANIES ACT 2006

---

SCHEME OF ARRANGEMENT  
*(under Part 26 of the Companies Act 2006)*  
BETWEEN  
XSTRATA PLC  
AND  
THE SCHEME SHAREHOLDERS  
*(as hereinafter defined)*

---

(A) In this New Scheme, unless inconsistent with the subject or context, the following terms have the following meanings:

|   |  |
|---|--|
| “\$”, or “US\$” or “US dollars” or “cents” or “USD” | the lawful currency of the United States   |
| “£”, or “Sterling” or “pounds sterling” or “pence”  | the lawful currency of the United Kingdom  |
| “A Shares”  | has the meaning given in Clause 1.1(i)   |
| “Act”   | the UK Companies Act 2006 (as amended)   |
| “Article”   | an article of the Xstrata Articles   |
| “B Shares”  | has the meaning given in Clause 1.1(ii)  |
| “business day”                                      | a day (other than a Saturday, Sunday, UK public or bank holiday) on which banks are generally open for the transaction of business in London   |
| “certificated” or in “certificated form”            | the relation to a share or other security which is not in uncertificated form (that is, not in CREST)  |
| “Code”  | the UK City Code on Takeovers and Mergers  |
| “Company” or “Xstrata”                              | Xstrata plc, incorporated in England and Wales with registered number 04345939   |
| “Court”   | the High Court of Justice of England and Wales   |
| “CREST”   | the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form |
| “CREST Regulations”                                 | the Uncertificated Securities Regulations 2001 (SI2001 No. 3755) or the Companies (Uncertificated Securities)  |



|                                   |  |
|-----------------------------------|--|
|                                   | (Jersey) Order 1999 (as applicable) in each case, as amended from time to time   |
| “Deferred Shares”                 | the non-voting deferred shares of £1 each in the capital of Xstrata  |
| “Effective Date”                  | the date upon which a copy of the Reduction Court Order and the related Statement of Capital has been delivered to the Registrar of Companies and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies, following the prior delivery of the New Scheme Court Order to the Registrar of Companies                                      |
| “Euroclear”                       | Euroclear UK & Ireland Limited   |
| “Excluded Shares”                 | (a) all Xstrata Shares beneficially owned by Glencore or any other member of the Glencore Group, (b) any Xstrata Shares held in treasury by Xstrata, and (c) any other Xstrata Shares which Glencore and Xstrata agree (subject to the consent of the Court) will not be subject to the New Scheme, in each case which will be reclassified as A Shares pursuant to Clause 1 of the New Scheme |
| “Financial Services Authority”    | the UK Financial Services Authority  |
| “Further Xstrata General Meeting” | the extraordinary general meeting of Xstrata to be convened in connection with, <i>inter alia</i> , the New Scheme and the Reduction of Capital, including any adjournment thereof   |
| “Glencore”*                       | Glencore International plc, incorporated in Jersey with registered number 107710   |
| “Glencore Group”                  | Glencore and its subsidiaries and subsidiary undertakings  |
| “Glencore Shares”                 | the ordinary shares of US\$0.01 each in the capital of Glencore  |
| “holder”                          | includes a person entitled by transmission   |
| “Long Stop Date”                  | 11.59 p.m. London time on 31 December 2012 or such later date (if any) as Glencore and Xstrata may, with the consent of the Panel, agree and (if required) the Court may allow   |
| “members”                         | in relation to a share or other security, members of the Company on the register of members at any relevant date   |
| “New Court Meeting”               | the meeting of Scheme Voting Shareholders to be convened by order of the Court pursuant to section 896 of the Act to consider and, if thought fit, approve this New Scheme, including any adjournment thereof  |
| “New Glencore Shares”             | the new Glencore Shares to be allotted and issued to Scheme Shareholders pursuant to the New Scheme  |
| “New Scheme”                      | this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Glencore  |
| “New Scheme Court Order”          | the order of the Court sanctioning the New Scheme under Part 26 of the Act   |

---

\* Proposed to be renamed Glencore Xstrata plc upon the Effective Date, subject to the requisite majority of Glencore Shareholders (as defined in the circular (the “Circular”) posted to Xstrata Shareholders in relation to (amongst other matters) the New Scheme) approving the change of name at the Glencore General Meeting (as defined in the Circular).

|   |  |
|---|--|
| "New Xstrata Shares"                      | the new Xstrata Shares to be allotted and issued to Glencore and/or its nominees pursuant to the New Scheme  |
| "Panel"                                   | the UK Panel on Takeovers and Mergers  |
| "Reduction of Capital"                    | the proposed reduction of the Company's share capital under Chapter 10 of Part 17 of the Act, to be effected as part of this New Scheme  |
| "Reduction Court Hearing"                 | the hearing by the Court of the claim form to confirm the Reduction of Capital under section 648 of the Act at which the Reduction Court Order will be sought  |
| "Reduction Court Order"                   | the order of the Court confirming the Reduction of Capital   |
| "Registrar of Companies"                  | the Registrar of Companies in England and Wales  |
| "Reorganisation Record Time"              | 6.00 p.m. (London time) on the business day following the date of the Scheme Court Hearing   |
| "RIS" or "Regulatory Information Service" | an information service that is approved by the Financial Services Authority and on the Financial Services Authority's list of Registered Information Services  |
| "Scheme Court Hearing"                    | the hearing by the Court of the claim form to sanction the New Scheme under section 899 of the Act at which the New Scheme Court Order will be sought  |
| "Scheme Record Time"                      | 6.00 p.m. (London time) on the date of the Reduction Court Hearing   |
| "Scheme Shareholders"                     | registered holders of Scheme Shares  |
| "Scheme Shares"                           | all Xstrata Shares which have been reclassified as B Shares pursuant to Clause 1 of the New Scheme   |
| "Scheme Voting Record Time"               | 6.00 p.m. (London time) on the day which is two business days before the date of the New Court Meeting or, if the New Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two business days before the date set for the adjourned New Court Meeting  |
| "Scheme Voting Shareholders"              | holders of Scheme Voting Shares  |
| "Scheme Voting Shares"                    | all Xstrata Shares: <ul style="list-style-type: none"> <li>(a) in issue as at the date of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the New Scheme; and</li> <li>(b) (if any) issued after the date of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the New Scheme and prior to the Scheme Voting Record Time,</li> </ul> but in each case other than the Excluded Shares |
| "Special Voting Share"                    | the special voting share of US\$0.50 in the capital of Xstrata   |
| "Statement of Capital"                    | the statement of capital (approved by the Court) showing, with respect to Xstrata's share capital, as altered by the Reduction Court Order, the information required by section 649 of the Act   |
| "subsidiary"                              | has the meaning given to it in section 1159 of the Act   |
| "subsidiary undertaking"                  | has the meaning given to it in section 1162 of the Act   |
| "UK" or "United Kingdom"                  | the United Kingdom of Great Britain and Northern Ireland   |



|   |   |
|---|---|
| “uncertificated” or “in uncertificated form”        | in relation to a share or other security, recorded on the relevant register of the share or other security concerned as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST |
| “United States of America”, “United States” or “US” | the United States of America, its territories and possessions, any state of the United States and the District of Columbia  |
| “Xstrata Articles”                                  | the articles of association of Xstrata from time to time  |
| “Xstrata Directors”                                 | the directors of Xstrata  |
| “Xstrata Executive Directors”                       | Messrs. Davis, Reid and Zaldumbide  |
| “Xstrata Group”                                     | Xstrata and its subsidiaries and subsidiary undertakings  |
| “Xstrata Shareholders”                              | holders of Xstrata Shares   |
| “Xstrata Shares”                                    | the ordinary shares of US\$0.50 each in the capital of Xstrata  |

and, where the context so admits or requires, the plural includes the singular and *vice versa*. References to Clauses are to Clauses of this New Scheme, and references to time are to London time.

- (B) The share capital of the Company as at the close of business on 23 October 2012 (the last practicable date prior to the date of this New Scheme) was £50,000 plus US\$1,501,346,038.50 divided into 50,000 Deferred Shares of £1 each, 3,002,692,076 Xstrata Shares of US\$0.50 each and one Special Voting Share of US\$0.50 each, all of which were credited as fully paid.
- (C) The share capital of Glencore as at the close of business on 23 October 2012 (the last practicable date prior to the date of this New Scheme) was US\$70,994,560.31 divided into 7,099,456,031 Glencore Shares of US\$0.01 each, all of which were credited as fully paid.
- (D) As at the close of business on 23 October 2012 (the last practicable date prior to the date of this New Scheme) Glencore, through its wholly-owned subsidiary, Finges B.V., beneficially held 1,010,403,999 Xstrata Shares, representing approximately 33.65 per cent. of the current issued ordinary share capital of the Company.
- (E) Glencore and Finges B.V. have agreed to appear by Counsel at the Scheme Court Hearing and to submit to be bound by and to undertake to the Court to be bound by this New Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this New Scheme.
- (F) Section 2 of this New Scheme is subject to the subsequent confirmation by the Court of the Reduction of Capital and accordingly may not become effective until a copy of the Reduction Court Order and related Statement of Capital have been delivered to and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies.

## THE NEW SCHEME

### Section 1

#### 1. RECLASSIFICATION OF XSTRATA SHARES

1.1 At the Reorganisation Record Time, each of the Xstrata Shares shall be reclassified on the following basis:

- (i) all of the Excluded Shares shall be reclassified into A ordinary shares of nominal value US\$0.50 each ("A Shares"); and
- (ii) all other Xstrata Shares shall be reclassified into B ordinary shares of nominal value US\$0.50 each ("B Shares").

1.2 For the purposes of this Clause 1, each portion of a member's holding which is recorded in the register of members of the Company by reference to a separate designation at the Reorganisation Record Time, whether in certificated or uncertificated form, shall be treated as though it were a separate holding held at such time by a separate person.

1.3 The A Shares and B Shares created by the reclassifications referred to in Clause 1.1 shall have the rights and be subject to the restrictions contained in the new Article 7A to be adopted pursuant to paragraph 1.4 of Resolution 1 set out in the notice of the Further Xstrata General Meeting.

1.4 No certificates representing the A Shares or the B Shares will be issued by or on behalf of the Company.

#### 2. EFFECTIVE TIME

2.1 Section 1 of the New Scheme will become effective in accordance with its terms as soon as a copy of the New Scheme Court Order shall have been delivered to the Registrar of Companies for registration. Section 2 of the New Scheme will become effective as soon as a copy of each of the Reduction Court Order and the Statement of Capital has been delivered to the Registrar of Companies and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies.

2.2 If Section 2 of this New Scheme does not become effective by 6.00 p.m. on the tenth business day following the Reorganisation Record Time or such earlier or later time and date as the Company and Glencore may agree and the Company may announce through a Regulatory Information Service, the reclassifications effected by Clause 1.1 shall be reversed and the A Shares and B Shares shall revert to, and be reclassified as, Xstrata Shares, and the new Article 7A adopted and referred to in Clause 1.3 shall be deleted from the Xstrata Articles.

2.3 Unless Section 2 of this New Scheme has become effective by the Long Stop Date it will lapse.

## Section 2

### 3. CANCELLATION OF THE B SHARES AND ISSUE OF NEW XSTRATA SHARES

3.1 Subject to the reclassification referred to in Clause 1.1 taking effect and the requisite entries having been made in the register of members of the Company, the share capital of the Company shall be reduced by cancelling and extinguishing all of the B Shares.

3.2 Subject to and forthwith upon the said reduction of capital referred to in Clause 3.1 taking effect the reserve arising in the books of account of the Company as a result of the Reduction of Capital shall be capitalised and applied in paying up in full such number of New Xstrata Shares as shall be equal to the number of B Shares cancelled pursuant to Clause 3.1 which shall be allotted and issued credited as fully paid to Glencore and/or its nominee(s).

3.3 One business day following the said reduction of capital referred to in Clause 3.1 taking effect:

- (i) the A shares shall revert to and be reclassified as ordinary shares of US\$0.50 each in the capital of the Company; and
- (ii) the Xstrata Articles shall be amended by the deletion of the new Article 7A referred to in Clause 1.3.

### 4. CONSIDERATION FOR THE CANCELLATION OF THE B SHARES

4.1 In consideration for the cancellation of the B Shares pursuant to Clause 3.1 and the allotment and issue of the New Xstrata Shares as provided in Clause 3.2, Glencore shall (subject to the remaining provisions of this New Scheme) allot and issue to Scheme Shareholders (being holders of B Shares following the reclassification effected pursuant to Clause 1.1) who appear in the register of members of the Company at the Scheme Record Time:

**for every Scheme Share:**

**3.05 New Glencore Shares.**

4.2 The aggregate number of New Glencore Shares to which Scheme Shareholders at the Scheme Record Time shall be entitled under Clause 4.1 shall be rounded down to the nearest whole number. No fractions of New Glencore Shares shall be allotted to any holder of Scheme Shares, and all fractions to which, but for this Clause 4.2, holders of Scheme Shares would have become entitled shall be disregarded.

4.3 The New Glencore Shares to be issued pursuant to Clause 4.1 shall be issued, credited as fully paid, and shall rank equally in all respects with all other fully paid Glencore Shares and shall be entitled to all dividends and other distributions declared, paid or made by Glencore by reference to a record date on or after the Effective Date.

### 5. OVERSEAS SHAREHOLDERS

5.1 The provisions of Clause 4 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holders of B Shares with a registered address in a jurisdiction outside the United Kingdom, or whom Glencore and the Company reasonably believe to be a citizen, national or resident of a jurisdiction outside the United Kingdom, Glencore and the Company are advised that the allotment and/or issue of New Glencore Shares pursuant to Clause 4 would or may infringe the laws of such jurisdiction or would or may require Glencore or the Company to comply with any governmental or other consent or any registration, filing or other formality with which Glencore and the Company are unable to comply or compliance with which Glencore and the Company regard as unduly onerous, Glencore and the Company may, in their sole discretion, either:

- (i) determine that such New Glencore Shares shall be sold, in which event the New Glencore Shares shall be issued to such Scheme Shareholder and Glencore shall appoint a person to act pursuant to this Clause 5.1(i) and such person shall be authorised on behalf of such Scheme Shareholder to procure that any New Glencore Shares in respect of which Glencore and the Company have made such determination shall, as soon as practicable following the Effective Date, be sold; or
- (ii) determine that such New Glencore Shares shall not be issued to such Scheme Shareholder but shall instead be issued to a nominee for such Scheme Shareholder appointed by Glencore and

the Company on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Glencore Shares so issued.

5.2 Any sale under Clause 5.1 shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to such Scheme Shareholder by sending a cheque or creating an assured payment obligation in accordance with the provisions of Clause 6.1.

5.3 To give effect to any sale under Clause 5.1, the person appointed by Glencore and the Company in accordance with Clause 5.1(i) shall be authorised as attorney on behalf of the Scheme Shareholder concerned, and the nominee appointed by Glencore and the Company in accordance with Clause 5.1(ii) shall be authorised, to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, Glencore, or the person or nominee so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

## **6. SETTLEMENT OF CONSIDERATION**

6.1 As soon as practicable after the Effective Date and in any event no later than 14 days after the Effective Date, Glencore shall:

- (a) allot and issue the New Glencore Shares which it is required to allot and issue to Scheme Shareholders at the Scheme Record Time pursuant to this New Scheme and:
  - (i) in the case of Scheme Shares which at the Scheme Record Time are in certificated form, procure the despatch of certificates for such New Glencore Shares to the persons entitled thereto in accordance with Clause 6.2; and
  - (ii) in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant holder of Scheme Shares with such holder of Scheme Share's entitlement to such New Glencore Shares, provided that Glencore reserves the right to settle all or part of such consideration in the manner set out in Clause 6.1(a)(i) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 6.1(a)(ii);
- (b) in the case of Scheme Shares sold pursuant to Clause 5.1 which at the Scheme Record Time are in certificated form, procure the despatch to the persons entitled thereto in accordance with Clause 6.2 of cheques for the sums payable to them respectively in accordance with Clause 5; and
- (c) in the case of Scheme Shares sold pursuant to Clause 5.1 which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively in accordance with Clause 5, provided that Glencore reserves the right to make payment of the said sums by cheque as set out in Clause 6.1(b) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 6.1(c).

6.2 All deliveries of share certificates or cheques pursuant to this New Scheme shall be effected by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding, at the Scheme Record Time, and none of Glencore, the Company nor any person or nominee appointed by Glencore shall be responsible for any loss or delay in the transmission or delivery of any share certificates or cheques sent in accordance with this Clause 6.2, which shall be sent at the risk of the persons entitled thereto.

6.3 All cheques shall be in pounds sterling drawn on a UK clearing bank and shall be made payable to the persons respectively entitled to the moneys represented thereby (except that, in the case of joint holders, Glencore reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of the Company at the Scheme Record Time in respect of such joint holding) and the encashment of any such cheque or the creation of any such assured

payment obligation as is referred to in Clause 6.1(c) shall be a complete discharge to Glencore for the moneys represented thereby.

6.4 The provisions of this Clause 6 shall be subject to any prohibition or condition imposed by law.

## **7. SHARE CERTIFICATES AND CANCELLATION OF ENTITLEMENTS**

7.1 With effect from and including the Effective Date:

- (i) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of the Company to deliver up the same to the Company or to destroy the same and appropriate entries shall be made in the register of members of the Company with effect from the Effective Date to reflect their cancellation; and
- (ii) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form with effect from the Effective Date.

## **8. MANDATES**

All mandates relating to the monetary payment of dividends on the Xstrata Shares and other instructions, including communication preferences, given to the Company by Scheme Shareholders in force at the Scheme Record Time relating to their holdings of Xstrata Shares will, unless amended or revoked, be deemed from the Effective Date to be an effective mandate or instruction to Glencore in respect of the corresponding Glencore Shares. Any reinvestment elections given to the Company by Scheme Shareholders in connection with dividends payable by the Company will not be treated as a valid instruction to Glencore in respect of the corresponding Glencore Shares.

## **9. MODIFICATION**

Glencore and the Company may jointly consent on behalf of all persons concerned to any modification of, or addition to, this New Scheme or to any condition, which the Court may approve or impose.

## **10. COSTS**

The Company is authorised and permitted to pay all costs and expenses relating to the negotiation, preparation and implementation of the New Scheme.

Dated: 25 October 2012

**PART B**  
**COMPARISON OF NEW SCHEME AND ORIGINAL SCHEME**  
**THE NEW SCHEME OF ARRANGEMENT**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

No. 41688002 of 2012

IN THE MATTER OF XSTRATA PLC  
—and—  
IN THE MATTER OF THE COMPANIES ACT 2006

---

SCHEME OF ARRANGEMENT  
*(under Part 26 of the Companies Act 2006)*  
BETWEEN  
XSTRATA PLC  
AND  
THE SCHEME SHAREHOLDERS  
*(as hereinafter defined)*

---

(A) In this New Scheme, unless inconsistent with the subject or context, the following terms have the following meanings:

|   |  |
|---|--|
| “\$”, or “US\$” or “US dollars” or “cents” or “USD” | the lawful currency of the United States   |
| “£”, or “Sterling” or “pounds sterling” or “pence”  | the lawful currency of the United Kingdom  |
| “A Shares”  | has the meaning given in Clause 1.1(i)   |
| “Act”   | the UK Companies Act 2006 (as amended)   |
| “Article”   | an article of the Xstrata Articles   |
| “B Shares”  | has the meaning given in Clause 1.1(ii)  |
| “business day”                                      | a day (other than a Saturday, Sunday, UK public or bank holiday) on which banks are generally open for the transaction of business in London   |
| “certificated” or in “certificated form”            | the relation to a share or other security which is not in uncertificated form (that is, not in CREST)  |
| “Code”  | the UK City Code on Takeovers and Mergers  |
| “Company” or “Xstrata”                              | Xstrata plc, incorporated in England and Wales with registered number 04345939   |
| “Court”   | the High Court of Justice of England and Wales   |
| <del>“Court Meeting”</del>                          | <del>the meeting of Scheme Voting Shareholders to be convened by order of the Court pursuant to section 896 of the Act to consider and, if thought fit, approve this Scheme, including any adjournment thereof</del>                 |
| “CREST”   | the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form |

|   |  |
|---|--|
| "CREST Regulations"                                       | the Uncertificated Securities Regulations 2001 (SI2001 No. 3755) or the Companies (Uncertificated Securities) (Jersey) Order 1999 (as applicable) in each case, as amended from time to time   |
| "Deferred Shares"   | the non-voting deferred shares of £1 each in the capital of Xstrata  |
| "Effective Date"  | the date upon which a copy of the Reduction Court Order and the related Statement of Capital has been delivered to the Registrar of Companies and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies, following the prior delivery of the <a href="#">New</a> Scheme Court Order to the Registrar of Companies  |
| "Euroclear"   | Euroclear UK & Ireland Limited   |
| "Excluded Shares"   | (a) all Xstrata Shares beneficially owned by Glencore or any other member of the Glencore Group, (b) any Xstrata Shares held in treasury by Xstrata, and (c) any other Xstrata Shares which Glencore and Xstrata agree (subject to the consent of the Court) will not be subject to the <a href="#">New</a> Scheme, in each case which will be reclassified as A Shares pursuant to Clause 1 of the <a href="#">New</a> Scheme                         |
| "Financial Services Authority"                            | the UK Financial Services Authority  |
| <u>"Further Xstrata General Meeting"</u>                  | <u>the extraordinary general meeting of Xstrata to be convened in connection with, <i>inter alia</i>, the New Scheme and the Reduction of Capital, including any adjournment thereof</u>   |
| "Glencore"*   | Glencore International plc, incorporated in Jersey with registered number 107710   |
| "Glencore Group"  | Glencore and its subsidiaries and subsidiary undertakings  |
| "Glencore Shares"   | the ordinary shares of US\$0.01 each in the capital of Glencore  |
| "holder"  | includes a person entitled by transmission   |
| <del>"Independent Xstrata Shareholders"</del>             | <del>those Xstrata Shareholders who are permitted under Rule 16.2 of the Code to vote on the Management Incentive Arrangements Resolution</del>  |
| "Long Stop Date"  | 11.59 p.m. London time on 31 <del>October</del> <a href="#">December</a> 2012 or such later date (if any) as Glencore and Xstrata may, with the consent of the Panel, agree and (if required) the Court may allow  |
| <del>"Management Incentive Arrangements"</del>            | <del>those elements of the retention and incentive arrangements set out in paragraph 9 of Part II (Explanatory Statement) of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the Scheme, proposed to be put in place for (a) the members of Xstrata's Management, and (b) each of the Xstrata Senior Employees, which will be voted on by the Independent Xstrata Shareholders at the Xstrata General Meeting</del> |
| <del>"Management Incentive Arrangements Resolution"</del> | <del>resolution number 2 set out in the notice of the Xstrata General Meeting in Part X (Notice of Xstrata General Meeting) of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the Scheme, to be voted on by the Independent Xstrata Shareholders</del>   |
| "members"   | in relation to a share or other security, members of the Company on the register of members at any relevant date   |



|   |  |
|---|--|
| <u>"New Court Meeting"</u>                | <u>the meeting of Scheme Voting Shareholders to be convened by order of the Court pursuant to section 896 of the Act to consider and, if thought fit, approve this New Scheme, including any adjournment thereof</u>   |
| "New Glencore Shares"                     | the new Glencore Shares to be allotted and issued to Scheme Shareholders pursuant to the <u>New</u> Scheme   |
| <u>"New Scheme"</u>                       | <u>this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Glencore</u>   |
| <u>"New Scheme Court Order"</u>           | <u>the order of the Court sanctioning the New Scheme under Part 26 of the Act</u>  |
| "New Xstrata Shares"                      | the new Xstrata Shares to be allotted and issued to Glencore and/or its nominees pursuant to the <u>New</u> Scheme   |
| "Panel"                                   | the UK Panel on Takeovers and Mergers  |
| "Reduction of Capital"                    | the proposed reduction of the Company's share capital under Chapter 10 of Part 17 of the Act, to be effected as part of this <u>New</u> Scheme   |
| "Reduction Court Hearing"                 | the hearing by the Court of the claim form to confirm the Reduction of Capital under section 648 of the Act at which the Reduction Court Order will be sought  |
| "Reduction Court Order"                   | the order of the Court confirming the Reduction of Capital   |
| "Registrar of Companies"                  | the Registrar of Companies in England and Wales  |
| "Reorganisation Record Time"              | 6.00 p.m. (London time) on the business day following the date of the Scheme Court Hearing   |
| "RIS" or "Regulatory Information Service" | an information service that is approved by the Financial Services Authority and on the Financial Services Authority's list of Registered Information Services  |
| <del>"Scheme"</del>                       | <del>this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Glencore</del>   |
| "Scheme Court Hearing"                    | the hearing by the Court of the claim form to sanction the <u>New</u> Scheme under section 899 of the Act at which the <u>New</u> Scheme Court Order will be sought  |
| <del>"Scheme Court Order"</del>           | <del>the order of the Court sanctioning the Scheme under Part 26 of the Act</del>  |
| "Scheme Record Time"                      | 6.00 p.m. (London time) on the date of the Reduction Court Hearing   |
| "Scheme Shareholders"                     | registered holders of Scheme Shares  |
| "Scheme Shares"                           | all Xstrata Shares which have been reclassified as B Shares pursuant to Clause 1 of the <u>New</u> Scheme  |
| "Scheme Voting Record Time"               | 6.00 p.m. (London time) on the day which is two business days before the date of the <u>New</u> Court Meeting or, if the <u>New</u> Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two business days before the date set for the adjourned <u>New</u> Court Meeting |
| "Scheme Voting Shareholders"              | holders of Scheme Voting Shares  |

|   |   |
|---|---|
| “Scheme Voting Shares”                              | all Xstrata Shares:<br>(a) in issue as at the date of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the <a href="#">New Scheme</a> ; and<br>(b) (if any) issued after the date of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the <a href="#">New Scheme</a> and prior to the Scheme Voting Record Time,<br>but in each case other than the Excluded Shares |
| “Special Voting Share”                              | the special voting share of US\$0.50 in the capital of Xstrata  |
| “Statement of Capital”                              | the statement of capital (approved by the Court) showing, with respect to Xstrata’s share capital, as altered by the Reduction Court Order, the information required by section 649 of the Act  |
| “subsidiary”  | has the meaning given to it in section 1159 of the Act  |
| “subsidiary undertaking”                            | has the meaning given to it in section 1162 of the Act  |
| “UK” or “United Kingdom”                            | the United Kingdom of Great Britain and Northern Ireland  |
| “uncertificated” or “in uncertificated form”        | in relation to a share or other security, recorded on the relevant register of the share or other security concerned as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST   |
| “United States of America”, “United States” or “US” | the United States of America, its territories and possessions, any state of the United States and the District of Columbia  |
| “Xstrata Articles”                                  | the articles of association of Xstrata from time to time  |
| “Xstrata Directors”                                 | the directors of Xstrata  |
| “Xstrata Executive Directors”                       | Messrs. Davis, Reid and Zaldumbide  |
| <del>“Xstrata General Meeting”</del>                | <del>the extraordinary general meeting of Xstrata to be convened in connection with the Scheme, the Reduction of Capital and the Management Incentive Arrangements, including any adjournment thereof</del>   |
| “Xstrata Group”                                     | Xstrata and its subsidiaries and subsidiary undertakings  |
| <del>“Xstrata Senior Employees”</del>               | <del>the 64 senior employees of the Xstrata Group who it is proposed will benefit from those elements of the Management Incentive Arrangements described in paragraph 9 of Part II (Explanatory Statement) of the circular posted to Xstrata Shareholders in relation to (amongst other matters) the Scheme, which will be voted on by the Independent Xstrata Shareholders at the Xstrata General Meeting</del>                        |
| “Xstrata Shareholders”                              | holders of Xstrata Shares   |
| “Xstrata Shares”                                    | the ordinary shares of US\$0.50 each in the capital of Xstrata  |
| <del>“Xstrata’s Management”</del>                   | <del>the members of senior management of the Xstrata Group, being the Xstrata Executive Directors and Peter Freyberg, Benny Levene, Thras Moraitis, Peet Nienaber, Ian Pearce and Charlie Sartain</del>   |

\* Proposed to be renamed Glencore Xstrata plc upon the Effective Date, subject to the requisite majority of Glencore Shareholders (as defined in the circular (the “Circular”) posted to Xstrata Shareholders in relation to (amongst other matters) the [New Scheme](#)) approving the change of name at the Glencore General Meeting (as defined in the Circular).

and, where the context so admits or requires, the plural includes the singular and vice versa. References to Clauses are to Clauses of this [New Scheme](#), and references to time are to London time.

- (B) The share capital of the Company as at the close of business on ~~29 May~~23 October 2012 (the last practicable date prior to the date of this New Scheme) was £50,000 plus US\$1,501,346,038.50 divided into 50,000 Deferred Shares of £1 each, 3,002,692,076 Xstrata Shares of US\$0.50 each and one Special Voting Share of US\$0.50 each, all of which were credited as fully paid.
- (C) The share capital of Glencore as at the close of business on ~~29 May~~23 October 2012 (the last practicable date prior to the date of this New Scheme) was US\$~~69,227,135~~70,994,560.31 divided into ~~6,922,713,511~~7,099,456,031 Glencore Shares of US\$0.01 each, all of which were credited as fully paid.
- (D) As at the close of business on ~~29 May~~23 October 2012 (the last practicable date prior to the date of this New Scheme) Glencore, through its wholly-owned subsidiary, Finges B.V., beneficially held 1,010,403,999 Xstrata Shares, representing approximately 33.65 per cent. of the current issued ordinary share capital of the Company.
- (E) Glencore and Finges B.V. have agreed to appear by Counsel at the Scheme Court Hearing and to submit to be bound by and to undertake to the Court to be bound by this New Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this New Scheme.
- (F) Section 2 of this New Scheme is subject to the subsequent confirmation by the Court of the Reduction of Capital and accordingly may not become effective until a copy of the Reduction Court Order and related Statement of Capital have been delivered to and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies.

## THE NEW SCHEME

### Section 1

#### 1. RECLASSIFICATION OF XSTRATA SHARES

1.1 At the Reorganisation Record Time, each of the Xstrata Shares shall be reclassified on the following basis:

- (i) all of the Excluded Shares shall be reclassified into A ordinary shares of nominal value US\$0.50 each ("A Shares"); and
- (ii) all other Xstrata Shares shall be reclassified into B ordinary shares of nominal value US\$0.50 each ("B Shares").

1.2 For the purposes of this Clause 1, each portion of a member's holding which is recorded in the register of members of the Company by reference to a separate designation at the Reorganisation Record Time, whether in certificated or uncertificated form, shall be treated as though it were a separate holding held at such time by a separate person.

1.3 The A Shares and B Shares created by the reclassifications referred to in Clause 1.1 shall have the rights and be subject to the restrictions contained in the new Article 7A to be adopted pursuant to paragraph 1.4 of Resolution 1 set out in the notice of the Further Xstrata General Meeting.

1.4 No certificates representing the A Shares or the B ~~shares~~Shares will be issued by or on behalf of the Company.

#### 2. EFFECTIVE TIME

2.1 Section 1 of the New Scheme will become effective in accordance with its terms as soon as a copy of the New Scheme Court Order shall have been delivered to the Registrar of Companies for registration. Section 2 of the New Scheme will become effective as soon as a copy of each of the Reduction Court Order and the Statement of Capital has been delivered to the Registrar of Companies and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies.

2.2 If Section 2 of this New Scheme does not become effective by 6.00 p.m. on the tenth business day following the Reorganisation Record Time or such earlier or later time and date as the Company and Glencore may agree and the Company may announce through a Regulatory Information Service, the reclassifications effected by Clause 1.1 shall be reversed and the A Shares and B Shares shall revert to, and be reclassified as, Xstrata Shares, and the new Article 7A adopted and referred to in Clause 1.3 shall be deleted from the Xstrata Articles.

2.3 Unless Section 2 of this New Scheme has become effective by the Long Stop Date it will lapse.

## Section 2

### 3. CANCELLATION OF THE B SHARES AND ISSUE OF NEW XSTRATA SHARES

3.1 Subject to the reclassification referred to in Clause 1.1 taking effect and the requisite entries having been made in the register of members of the Company, the share capital of the Company shall be reduced by cancelling and extinguishing all of the B Shares.

3.2 Subject to and forthwith upon the said reduction of capital referred to in Clause 3.1 taking effect the reserve arising in the books of account of the Company as a result of the Reduction of Capital shall be capitalised and applied in paying up in full such number of New Xstrata Shares as shall be equal to the number of B Shares cancelled pursuant to Clause 3.1 which shall be allotted and issued credited as fully paid to Glencore and/or its nominee(s).

3.3 One business day following the said reduction of capital referred to in Clause 3.1 taking effect:

- (i) the A shares shall revert to and be reclassified as ordinary shares of US\$0.50 each in the capital of the Company; and
- (ii) the Xstrata Articles shall be amended by the deletion of the new Article 7A referred to in Clause 1.3.

### 4. CONSIDERATION FOR THE CANCELLATION OF THE B SHARES

4.1 In consideration for the cancellation of the B Shares pursuant to Clause 3.1 and the allotment and issue of the New Xstrata Shares as provided in Clause 3.2, Glencore shall (subject to the remaining provisions of this [New](#) Scheme) allot and issue to Scheme Shareholders (being holders of B Shares following the reclassification effected pursuant to Clause 1.1) who appear in the register of members of the Company at the Scheme Record Time:

**for every Scheme Share: 2.83.05 New Glencore Shares.**

4.2 The aggregate number of New Glencore Shares to which Scheme Shareholders at the Scheme Record Time shall be entitled under Clause 4.1 shall be rounded down to the nearest whole number. No fractions of New Glencore Shares shall be allotted to any holder of Scheme Shares, and all fractions to which, but for this Clause 4.2, holders of Scheme Shares would have become entitled shall be disregarded.

4.3 The New Glencore Shares to be issued pursuant to Clause 4.1 shall be issued, credited as fully paid, and shall rank equally in all respects with all other fully paid Glencore Shares and shall be entitled to all dividends and other distributions declared, paid or made by Glencore by reference to a record date on or after the Effective Date.

### 5. OVERSEAS SHAREHOLDERS

5.1 The provisions of Clause 4 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holders of B Shares with a registered address in a jurisdiction outside the United Kingdom, or whom Glencore and the Company reasonably believe to be a citizen, national or resident of a jurisdiction outside the United Kingdom, Glencore and the Company are advised that the allotment and/or issue of New Glencore Shares pursuant to Clause 4 would or may infringe the laws of such jurisdiction or would or may require Glencore or the Company to comply with any governmental or other consent or any registration, filing or other formality with which Glencore and the Company are unable to comply or compliance with which Glencore and the Company regard as unduly onerous, Glencore and the Company may, in their sole discretion, either:

- (i) determine that such New Glencore Shares shall be sold, in which event the New Glencore Shares shall be issued to such Scheme Shareholder and Glencore shall appoint a person to act pursuant to this Clause 5.1(i) and such person shall be authorised on behalf of such Scheme Shareholder to procure that any New Glencore Shares in respect of which Glencore and the Company have made such determination shall, as soon as practicable following the Effective Date, be sold; or
- (ii) determine that such New Glencore Shares shall not be issued to such Scheme Shareholder but shall instead be issued to a nominee for such Scheme Shareholder appointed by Glencore and

the Company on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Glencore Shares so issued.

5.2 Any sale under Clause 5.1 shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to such Scheme Shareholder by sending a cheque or creating an assured payment obligation in accordance with the provisions of Clause 6.1.

5.3 To give effect to any sale under Clause 5.1, the person appointed by Glencore and the Company in accordance with Clause 5.1(i) shall be authorised as attorney on behalf of the Scheme Shareholder concerned, and the nominee appointed by Glencore and the Company in accordance with Clause 5.1(ii) shall be authorised, to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, Glencore, ~~the Company~~ or the person or nominee so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

## 6. SETTLEMENT OF CONSIDERATION

6.1 As soon as practicable after the Effective Date and in any event no later than 14 days after the Effective Date, Glencore shall:

- (a) allot and issue the New Glencore Shares which it is required to allot and issue to Scheme Shareholders at the Scheme Record Time pursuant to this [New](#) Scheme and:
  - (i) in the case of Scheme Shares which at the Scheme Record Time are in certificated form, procure the despatch of certificates for such New Glencore Shares to the persons entitled thereto in accordance with Clause 6.2; and
  - (ii) in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant holder of Scheme Shares with such holder of Scheme Share's entitlement to such New Glencore Shares, provided that Glencore reserves the right to settle all or part of such consideration in the manner set out in Clause 6.1(a)(i) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 6.1(a)(ii);
- (b) in the case of Scheme Shares sold pursuant to Clause 5.1 which at the Scheme Record Time are in certificated form, procure the despatch to the persons entitled thereto in accordance with Clause 6.2 of cheques for the sums payable to them respectively in accordance with Clause 5; and
- (c) in the case of Scheme Shares sold pursuant to Clause 5.1 which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively in accordance with Clause 5, provided that Glencore reserves the right to make payment of the said sums by cheque as set out in Clause 6.1(b) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 6.1(c).

6.2 All deliveries of share certificates or cheques pursuant to this [New](#) Scheme shall be effected by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding, at the Scheme Record Time, and none of Glencore, the Company nor any person or nominee appointed by Glencore shall be responsible for any loss or delay in the transmission or delivery of any share certificates or cheques sent in accordance with this Clause 6.2, which shall be sent at the risk of the persons entitled thereto.

6.3 All cheques shall be in pounds sterling drawn on a UK clearing bank and shall be made payable to the persons respectively entitled to the moneys represented thereby (except that, in the case of joint holders, Glencore reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of the Company at the Scheme Record Time in respect of such joint holding) and the encashment of any such cheque or the creation of any such assured

payment obligation as is referred to in Clause 6.1(c) shall be a complete discharge to Glencore for the moneys represented thereby.

6.4 The provisions of this Clause 6 shall be subject to any prohibition or condition imposed by law.

## **7. SHARE CERTIFICATES AND CANCELLATION OF ENTITLEMENTS**

7.1 With effect from and including the Effective Date:

- (i) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of the Company to deliver up the same to the Company or to destroy the same and appropriate entries shall be made in the register of members of the Company with effect from the Effective Date to reflect their cancellation; and
- (ii) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form with effect from the Effective Date.

## **8. MANDATES**

All mandates relating to the monetary payment of dividends on the Xstrata Shares and other instructions, including communication preferences, given to the Company by Scheme Shareholders in force at the Scheme Record Time relating to their holdings of Xstrata Shares will, unless amended or revoked, be deemed from the Effective Date to be an effective mandate or instruction to Glencore in respect of the corresponding Glencore Shares. Any reinvestment elections given to the Company by Scheme Shareholders in connection with dividends payable by the Company will not be treated as a valid instruction to Glencore in respect of the corresponding Glencore Shares.

## **9. MODIFICATION**

Glencore and the Company may jointly consent on behalf of all persons concerned to any modification of, or addition to, this [New](#) Scheme or to any condition, which the Court may approve or impose.

## **10. COSTS**

The Company is authorised and permitted to pay all costs and expenses relating to the negotiation, preparation and implementation of the [New](#) Scheme.

Dated: ~~31 May~~ 25 October 2012



**PART IV**  
**CONDITIONS AND CERTAIN FURTHER TERMS**  
**OF THE NEW SCHEME AND THE MERGER**

**A. CONDITIONS TO THE NEW SCHEME AND MERGER**

- 1 The Merger is conditional upon the New Scheme becoming unconditional and effective, subject to the Code, by not later than 31 December 2012 or such later date (if any) as Glencore and Xstrata may, with the consent of the Panel, agree and (if required) the Court may allow.
- 2 The New Scheme is subject to the following conditions:
  - 2.1 a resolution to approve the New Scheme being duly passed by a majority in number of the Scheme Shareholders who are on the register of members of Xstrata at the Scheme Voting Record Time, and who are present and vote, whether in person or by proxy, at the New Court Meeting and at any separate class meeting which may be required (or any adjournment thereof) and who represent not less than 75 per cent. in value of the Scheme Shares held by those Scheme Shareholders, and such resolution becoming effective in accordance with its terms;
  - 2.2 the resolutions required to approve and implement the New Scheme and Reduction of Capital being duly passed by Xstrata Shareholders representing 75 per cent. or more of the votes cast at the Further Xstrata General Meeting; and
  - 2.3 the sanction of the New Scheme by the Court (in each case with or without modification but subject to any modification being on terms acceptable to Xstrata and Glencore) and confirmation of the Reduction of Capital by the Court and (a) the delivery of copies of the New Scheme Court Order and the Reduction Court Order and the requisite Statement of Capital attached thereto to the Registrar of Companies and (b) the registration of the Reduction Court Order.
- 3 In addition, subject as stated in Part B below and to the requirements of the Panel, the Merger is conditional upon the following Conditions and, accordingly, the necessary actions to make the New Scheme effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived in writing:

**Approval of Glencore Shareholders**

- (a) any resolution or resolutions of Glencore Shareholders required to: (i) approve, effect and implement the Merger, (ii) confer authorities for the issue and allotment of the New Glencore Shares to be issued in connection with the Merger, and (iii) effect such other actions as are required in connection with the implementation of the Merger (as such resolutions may be set out in the Further Glencore Circular), but excluding, for the avoidance of doubt, relating to any change in Glencore's name being duly passed at the Glencore General Meeting (or at any adjournment of that meeting) in each case by the requisite majority of Glencore Shareholders;

**Admission of the New Glencore Shares**

- (b) the UK Listing Authority having acknowledged to Glencore or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Glencore Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the FSA and any listing conditions having been satisfied and the London Stock Exchange having acknowledged to Glencore or its agent (and such acknowledgement not having been withdrawn) that the New Glencore Shares will be admitted to trading;

**EU merger control**

- (c) the European Commission indicating, in terms reasonably satisfactory to Glencore, that it does not intend to initiate proceedings under Article 6(1)(c) of the Council Regulation (EC) No. 139/2004 (the "Regulation"), or to make a referral to a competent authority in

the EEA under Article 9(1) of such Regulation, in either case with respect to the Merger or any matter arising from the New Scheme or Merger;

#### **US merger control**

- (d) all filings having been made in connection with the Merger or any aspect of the Merger and all or any applicable waiting periods (including any extensions thereof) having expired under the United States Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder;

#### **South African merger control**

- (e) the South African Competition Tribunal having approved unconditionally or, if approved with conditions, on such conditions reasonably satisfactory to Glencore, as expressed in writing, the Merger in terms of Chapter 3 of the South African Competition Act;

#### **China merger control**

- (f) the Ministry of Commerce of the People's Republic of China pursuant to the Anti-Monopoly Law of the People's Republic of China (the "Anti-Monopoly Law") having cleared the Merger on terms reasonably satisfactory to Glencore or all applicable waiting periods under the Anti-Monopoly Law in respect of the review of the Merger having expired;

#### **Australian foreign investment approval**

- (g) one of the following having occurred:
  - (i) the Treasurer of the Commonwealth of Australia (or his delegate) gives written advice without conditions that there are no objections under Australia's foreign investment policy to the Merger; or
  - (ii) after notice of the proposed Merger has been given by Glencore to the Treasurer of the Commonwealth of Australia under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth), the Treasurer ceases to be empowered to make any order under Part II of that Act because of lapse of time;

#### **Notifications, waiting periods and Authorisations**

- (h) other than in respect of Conditions 3(a) to (g), all notifications, filings or applications which are necessary or reasonably considered appropriate in connection with the Merger having been made and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Merger and all Authorisations deemed necessary or reasonably appropriate by Glencore in any jurisdiction for or in respect of the Merger and, except pursuant to Chapter 3 of Part 28 of the UK Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Xstrata or any other member of the Wider Xstrata Group by any member of the Wider Glencore Group having been obtained in terms and in a form reasonably satisfactory to Glencore from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Xstrata Group or the Wider Glencore Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Xstrata Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Merger becomes otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

## General antitrust and regulatory

- (i) no antitrust regulator or Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to (in any case which is material in the context of the Merger):
- (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Glencore Group or by any member of the Wider Xstrata Group of all or any material part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
  - (ii) require any member of the Wider Glencore Group or the Wider Xstrata Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Xstrata Group or any asset owned by any Third Party (other than in the implementation of the Merger);
  - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Glencore Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Xstrata or on the ability of any member of the Wider Xstrata Group or any member of the Wider Glencore Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Xstrata Group;
  - (iv) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Xstrata Group or any member of the Wider Glencore Group;
  - (v) result in any member of the Wider Xstrata Group or any member of the Wider Glencore Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vi) make the Merger, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Xstrata by any member of the Wider Glencore Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly prevent or prohibit, restrict, restrain, or delay the same or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require amendment of the Merger or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Xstrata by any member of the Wider Glencore Group;
  - (vii) require, prevent or materially delay a divestiture by any member of the Wider Glencore Group of any shares or other securities (or the equivalent) in any member of the Wider Xstrata Group or any member of the Wider Glencore Group; or
  - (viii) impose any material limitation on the ability of any member of the Wider Glencore Group or any member of the Wider Xstrata Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Glencore Group and/or the Wider Xstrata Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute,

implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Merger or the acquisition or proposed acquisition of any Xstrata Shares or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

- (j) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Xstrata Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject or any event or circumstance which, as a consequence of the Merger or because of a change in the control or management of any member of the Wider Xstrata Group, could or might reasonably be expected to result in (in any case to an extent which is or would be material in the context of the Wider Xstrata Group taken as a whole):
- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Xstrata Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Xstrata Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider Xstrata Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
  - (iv) any liability of any member of the Wider Xstrata Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
  - (v) the rights, liabilities, obligations, interests or business of any member of the Wider Xstrata Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Xstrata Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
  - (vi) any member of the Wider Xstrata Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vii) the value of, or the financial or trading position or prospects of, any member of the Wider Xstrata Group being prejudiced or adversely affected; or
  - (viii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Xstrata Group other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Xstrata Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in Conditions (j)(i) to (viii) (in any case to an extent which is or would be material in the context of the Wider Xstrata Group taken as a whole);

### Certain events occurring since 31 December 2011

- (k) except as Disclosed, no member of the Wider Xstrata Group having since 31 December 2011:
- (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Xstrata Shares out of treasury (except, where relevant, as between Xstrata and wholly owned subsidiaries of Xstrata or between the wholly owned subsidiaries of Xstrata and except for the issue or transfer out of treasury of Xstrata Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Xstrata Share Schemes);
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than (a) the Xstrata 2011 Final Dividend, (b) the Xstrata 2012 Interim Dividend, and (c) dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Xstrata to Xstrata or any of its wholly owned subsidiaries;
  - (iii) other than pursuant to the Merger (and except for transactions between Xstrata and its wholly owned subsidiaries or between the wholly owned subsidiaries of Xstrata and transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider Xstrata Group taken as a whole;
  - (iv) (except for transactions between Xstrata and its wholly owned subsidiaries or between the wholly owned subsidiaries of Xstrata) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so which in any case is material in the context of the Wider Xstrata Group taken as a whole;
  - (v) (except for transactions between Xstrata and its wholly owned subsidiaries or between the wholly owned subsidiaries of Xstrata) issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness which in any case is material in the context of the Wider Xstrata Group taken as a whole;
  - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of a nature or magnitude which is likely to be restrictive on the business of any member of the Wider Xstrata Group and which in any case is material in the context of the Wider Xstrata Group taken as a whole;
  - (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider Xstrata Group save as agreed by Glencore;

- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Xstrata Group save as agreed by Glencore;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital, save as agreed by Glencore in writing;
- (x) waived, compromised or settled any claim (other than in the ordinary course of business) which is material in the context of the Wider Xstrata Group taken as a whole;
- (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Xstrata Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Xstrata Group taken as a whole;
- (xii) made any alteration to its memorandum or articles of association or other incorporation documents in each case which is material in the context of the Merger;
- (xiii) made or agreed or consented to any change to the terms of the trust deeds and rules constituting the pension scheme(s) established for its directors, employees or their dependants or any material change to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to, in each case which is material in the context of the Wider Xstrata Group taken as a whole;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business, in each case which is material in the context of the Wider Xstrata Group taken as a whole;
- (xv) (other than in respect of a member of the Wider Xstrata Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case which is material in the context of the Wider Xstrata Group taken as a whole;
- (xvi) (except for transactions between Xstrata and its wholly owned subsidiaries or between the wholly owned subsidiaries), made, authorised, proposed or announced an intention to propose any change in its loan capital, in each case which is material in the context of the Wider Xstrata Group taken as a whole;
- (xvii) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, in each case which is material in the context of the Wider Xstrata Group taken as a whole; or



- (xviii) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition (k);

**No adverse change, litigation, regulatory enquiry or similar**

- (l) except as Disclosed, since 31 December 2011 there having been:
  - (i) no adverse change or deterioration and no circumstance having arisen which would or might be reasonably expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Xstrata Group which in any case is material in the context of the Wider Xstrata Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Xstrata Group or to which any member of the Wider Xstrata Group is or may become a party (whether as claimant, defendant or otherwise), in each case which might reasonably be expected to have a material adverse effect on the Wider Xstrata Group taken as a whole or in the context of the Merger;
  - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Xstrata Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Xstrata Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Xstrata Group taken as a whole or in the context of the Merger;
  - (iv) no contingent or other liability having arisen or become apparent to Glencore or increased other than in the ordinary course of business which would or might reasonably be expected to adversely affect the business, assets, financial or trading position or profits or prospects of any member of the Wider Xstrata Group to an extent which is material in the context of the Wider Xstrata Group taken as a whole or in the context of the Merger; and
  - (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Xstrata Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider Xstrata Group taken as a whole or in the context of the Merger; and

**No discovery of certain matters regarding information, liabilities and environmental issues**

- (m) except as Disclosed, Glencore not having discovered:
  - (i) that any financial, business or other information concerning the Wider Xstrata Group Publicly Announced prior to 1 October 2012 or disclosed at any time to any member of the Wider Glencore Group or to any of their advisers by or on behalf of any member of the Wider Xstrata Group prior to 1 October 2012 is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, to an extent which in any such case is material in the context of the Wider Xstrata Group taken as a whole;
  - (ii) that any member of the Wider Xstrata Group or any partnership, company or other entity in which any member of the Wider Xstrata Group has a significant economic interest and which is not a subsidiary undertaking of Xstrata is, otherwise than in the ordinary course of business, subject to any liability,



contingent or otherwise and which is material in the context of the Wider Xstrata Group taken as a whole or in the context of the Merger;

- (iii) that any past or present member of the Wider Xstrata Group has not complied in any material respect with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Xstrata Group which in any case is material in the context of the Wider Xstrata Group taken as a whole;
- (iv) that there has been a material disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Xstrata Group which in any case is material in the context of the Wider Xstrata Group taken as a whole;
- (v) that there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Xstrata Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto which in any case is material in the context of the Wider Xstrata Group taken as a whole; or
- (vi) that circumstances exist (whether as a result of making the Merger or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider Xstrata Group would be likely to be required to institute), an environment audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Xstrata Group (or on its behalf) or by any person for which a member of the Wider Xstrata Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which in any case is material in the context of the Wider Xstrata Group taken as a whole.

## **B. CERTAIN FURTHER TERMS OF THE NEW SCHEME AND THE MERGER**

Subject to the requirements of the Panel, Glencore reserves the right to waive in whole or in part, all or any of the above Conditions 3(a) to (m) (inclusive), other than Condition 3(b).

The New Scheme will not become effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Glencore to be or remain satisfied by no later than the date referred to in Condition 1 (or such later date as Glencore and Xstrata may, with the consent of the Panel, agree and (if required) the Court may allow).

If Glencore is required by the Panel to make an offer for Xstrata Shares under the provisions of Rule 9 of the Code, Glencore may make such alterations to any of the above Conditions and terms of the Merger as are necessary to comply with the provisions of that Rule.

The New Scheme is governed by the law of England and Wales and is subject to applicable requirements of the Code, the Panel, the London Stock Exchange, the FSA and the UK Listing Authority.

Glencore shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 3(a) to (m) (inclusive) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Merger may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Glencore reserves the right to elect, with the consent of the Panel (where necessary) and with Xstrata's prior written consent, to implement the Merger by way of a Merger Offer. In such event, the acquisition will be implemented on substantially the same terms subject to appropriate amendments, so far as applicable, as those which would apply to the New Scheme. In addition, the voting structure of the New 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).

The Merger will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Regulation and there is a reference to the Competition Commission before the date of the New Court Meeting.

The availability of the Merger to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

The Merger is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of, interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

Under Rule 13.5 of the Code, Glencore may not invoke a condition to the Merger so as to cause the Merger not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Glencore in the context of the offer. The Conditions contained in paragraphs 1, 2 and 3(a) and (c) of Part A are not subject to this provision of the Code.

The Merger is governed by the law of England and Wales and is subject to applicable requirements of the Code, the Panel, the London Stock Exchange, the FSA, the UK Listing Authority, the jurisdiction of the English courts and to the Conditions and certain further terms set out in this Part IV of this document.

**PART V**  
**ADDITIONAL INFORMATION**

**1. RESPONSIBILITY STATEMENTS**

- 1.1 The Independent Xstrata Directors, whose names are set out in paragraph 2.1 of Part IV of the Original Scheme Circular, each accept responsibility for the information contained in this document other than (a) in respect of the Xstrata Executive Directors only, the information for which responsibility is taken by the Independent Non-Executive Xstrata Directors pursuant to paragraph 1.2 of this Part V, and (b) information for which responsibility is taken by the Glencore Directors pursuant to paragraph 1.3 of this Part V. To the best of the knowledge and belief of the Independent Xstrata Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Non-Executive Xstrata Directors, whose names are asterisked in paragraph 2.1 of Part VI of the Original Scheme Circular, each accept responsibility for the recommendation that eligible Xstrata Shareholders vote in favour of New Scheme Resolution 1 and against New Scheme Resolution 2 to be proposed at the New Court Meeting and in favour of each resolution to be proposed at the Further Xstrata General Meeting as set out in Part VIII (*Notice of Further Xstrata General Meeting*) of this document. To the best of the knowledge and belief of the Independent Non-Executive Xstrata Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible pursuant to the terms of this paragraph 1.2 is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Glencore Directors, whose names are set out in paragraph 2.3 of Part VI of the Original Scheme Circular, each accept responsibility for the information contained in this document relating to (a) the Glencore Group and the Glencore Directors and their immediate families, related trusts and companies and those other persons presumed to be acting in concert with Glencore, and (b) the future plans for the Combined Group, its management and employees. To the best of the knowledge and belief of the Glencore Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. MARKET QUOTATIONS**

The following table shows the closing-middle market prices, as derived from the Daily Official List, for Xstrata Shares and Glencore Shares on the first business day in each of the six months prior to the date of this document, on 1 February 2011 (being the last business day prior to the commencement of the Offer Period) and on 23 October 2012 (being the last practicable date prior to the posting of this document):

| <u>Date</u>                | <u>Xstrata<br/>Shares</u> | <u>Glencore<br/>Shares</u> |
|----------------------------|---------------------------|----------------------------|
| 1 February 2012 . . . . .  | 1,119.50                  | 431.75                     |
| 1 May 2012 . . . . .       | 1,205.00                  | 434.60                     |
| 1 June 2012 . . . . .      | 894.10                    | 334.35                     |
| 2 July 2012 . . . . .      | 802.90                    | 299.00                     |
| 1 August 2012 . . . . .    | 861.00                    | 322.50                     |
| 3 September 2012 . . . . . | 947.20                    | 388.15                     |
| 1 October 2012 . . . . .   | 980.00                    | 342.00                     |
| 23 October 2012 . . . . .  | 975.90                    | 342.90                     |

**3. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES**

- 3.1 Except as otherwise defined in paragraph 3.2 of this Part V below, the definitions set out in paragraph 5.1 of Part VI of the Original Scheme Circular shall also apply to this paragraph 3 of this Part V.
- 3.2 Save as disclosed in this paragraph 3, as at the close of business on 22 October 2012 (for the purposes of this paragraph 3 of this Part V (other than paragraph 3.7, in which case as at close of

business on 23 October 2012) being the last practicable date prior to posting of this document), and assuming for the purposes of disclosures made in paragraph 5 of Part VI of the Original Scheme Circular and paragraph 3 of Part IV of the Supplementary Scheme Circular that the "disclosure period" means the period which began on 2 February 2011 (being the date 12 months prior to the Offer Period) and ended on 22 October 2012, there has been no change in the information on interests, dealings or arrangements set out in paragraph 5 of Part VI of the Original Scheme Circular and paragraph 3 of Part IV of the Supplementary Scheme Circular.

### 3.3 Interests in Xstrata relevant securities

As at the close of business on 22 October 2012 (for the purposes of this paragraph 3.3 of this Part V being the last practicable date prior to the posting of this document):

- (a) persons acting, or presumed to be acting, in concert with Glencore had an interest in or right to subscribe for the following Xstrata relevant securities:

| <u>Name</u>   | <u>Number of Xstrata relevant securities</u> |
|---|--|
| Citigroup Global Markets Financial Products LLC . . . . . | 1,281.40 <sup>(1)</sup>                      |

(1) This includes 447 ADRs, which convert into 89.40 Xstrata Shares. The change in the number of Xstrata relevant securities to the disclosure in paragraph 5.2(c) of Part VI of the Original Scheme Circular is as a result of trades by funds under discretionary management (i.e. Exempt Fund Manager under the Code) which have been sub-contracted to an independent third party. The independent third party has discretion over dealing, voting and offer acceptance decisions. Such trades are not treated as dealings under the Code.

- (b) the interests of the Xstrata Directors in awards and options over Xstrata Shares under the Xstrata Share Scheme(s) were as follows (in addition to those interests set out in paragraph 5.2(e) of the Original Scheme Circular and replacing those interests set out in paragraph 3.3(b) of Part IV of the Supplementary Scheme Circular):

#### **Share Awards to be granted should the Revised Management Incentive Arrangements Resolution become effective**

| <u>Name<sup>(1)</sup></u>     | <u>Scheme</u>                 | <u>Potential maximum number of Xstrata Shares<sup>(2)</sup></u> | <u>Normal vesting date<sup>(3)</sup></u> | <u>Exercise price</u> |
|-------------------------------|-------------------------------|---|--|-----------------------|
| Trevor Reid . . . . .         | Revised New Xstrata 2012 Plan | 773,311   | 1st anniversary of Effective Date        | Nil                   |
| Santiago Zaldumbide . . . . . | Revised New Xstrata 2012 Plan | 559,260   | 1st anniversary of Effective Date        | Nil                   |
| Trevor Reid . . . . .         | Revised New Xstrata 2012 Plan | 773,311   | 2nd anniversary of Effective Date        | Nil                   |
| Santiago Zaldumbide . . . . . | Revised New Xstrata 2012 Plan | 559,260   | 2nd anniversary of Effective Date        | Nil                   |

(1) Mick Davis has waived his rights to the "retention awards" to be granted under the New Xstrata 2012 Plan, and therefore the terms of the Revised New Xstrata 2012 Plan do not allow for the grant of awards to Mick Davis.

(2) Calculated by reference to the minimum value per Xstrata Share of 705 pence in accordance with the terms of the Revised New Xstrata 2012 Plan.

(3) Subject to (a) the Merger becoming effective and the Revised Management Incentive Arrangements Resolution being approved, and (b) the satisfaction of relevant performance conditions as described in paragraph 3 of Part II (*Explanatory Statement*) of this document. Any awards which vest will ultimately be satisfied by the transfer to the relevant beneficiary of such number of Glencore Shares as is calculated by multiplying the number of Xstrata Shares under the award by the number of Glencore Shares that a Scheme Shareholder will receive for each Scheme Share under the terms of the Merger.

- (c) the following persons acting, or presumed to be acting, in concert with Xstrata had interests in, or rights to subscribe for, Xstrata relevant securities:

| <u>Name</u>                             | <u>Number of Xstrata relevant securities</u> |
|---|--|
| J.P. Morgan Securities plc . . . . .    | 0.20 <sup>(1)</sup>                          |
| JPMorgan Funds Management, Inc. . . . . | 76,582 <sup>(2)</sup>                        |
| Barclays Bank PLC . . . . .             | 371,426                                      |

(1) This position has come to light since the disclosure made in paragraph 3.3 of Part IV of the Supplementary Scheme Circular, and relates to an interest in one ADR in respect of Xstrata Shares.

(2) This change in position is the result of non-discretionary movements.

### 3.4 Dealings in Xstrata relevant securities

- (a) Between the commencement of the Offer Period and 22 October 2012 (for the purposes of this paragraph 3.4(a) of this Part V being the last practicable date prior to the posting of this document), the following persons acting, or presumed to be acting, in concert with Xstrata dealt in Xstrata relevant securities (in addition to the dealings set out in paragraph 5.4(b) of Part VI of the Original Scheme Circular and paragraph 3.4(b) of Part IV of the Supplementary Scheme Circular):

| <u>Name</u>                 | <u>Date of transaction</u> | <u>Nature of transaction</u> | <u>Number of Xstrata relevant securities</u> | <u>High price per security</u> | <u>Low price per security</u> |
|-----------------------------|----------------------------|------------------------------|--|--------------------------------|-------------------------------|
| Barclays Bank PLC . . . . . | 7 August 2012              | Sale                         | 143  | £9.02                          | £9.02                         |
| Barclays Bank PLC . . . . . | 9 August 2012              | Sale                         | 211  | £9.21                          | £9.21                         |
| Barclays Bank PLC . . . . . | 9 August 2012              | Sale                         | 227  | £9.24                          | £9.24                         |
| Barclays Bank PLC . . . . . | 16 August 2012             | Sale                         | 3,750  | £9.25                          | £9.25                         |
| Barclays Bank PLC . . . . . | 21 August 2012             | Sale                         | 212  | £9.16                          | £9.16                         |
| Barclays Bank PLC . . . . . | 29 August 2012             | Sale                         | 412  | £9.29                          | £9.29                         |
| Barclays Bank PLC . . . . . | 30 August 2012             | Sale                         | 163  | £9.00                          | £9.00                         |
| Barclays Bank PLC . . . . . | 31 August 2012             | Sale                         | 8,500  | £8.98                          | £8.98                         |
| Barclays Bank PLC . . . . . | 7 September 2012           | Sale                         | 246  | £10.19                         | £10.19                        |
| Barclays Bank PLC . . . . . | 10 September 2012          | Sale                         | 505  | £10.51                         | £10.51                        |
| Barclays Bank PLC . . . . . | 11 September 2012          | Sale                         | 118  | £10.50                         | £10.50                        |
| Barclays Bank PLC . . . . . | 13 September 2012          | Sale                         | 108  | £9.84                          | £9.84                         |
| Barclays Bank PLC . . . . . | 14 September 2012          | Sale                         | 188  | £10.54                         | £10.54                        |
| Barclays Bank PLC . . . . . | 18 September 2012          | Sale                         | 344  | £10.41                         | £10.41                        |
| Barclays Bank PLC . . . . . | 20 September 2012          | Sale                         | 10,880                                       | £10.51                         | £10.51                        |
| Barclays Bank PLC . . . . . | 20 September 2012          | Sale                         | 284  | £10.48                         | £10.48                        |
| Barclays Bank PLC . . . . . | 21 September 2012          | Sale                         | 123  | £10.30                         | £10.30                        |
| Barclays Bank PLC . . . . . | 4 October 2012             | Sale                         | 314  | £9.62                          | £9.62                         |
| Barclays Bank PLC . . . . . | 4 October 2012             | Sale                         | 110  | £9.62                          | £9.62                         |
| Barclays Bank PLC . . . . . | 4 October 2012             | Sale                         | 429  | £9.57                          | £9.57                         |
| Barclays Bank PLC . . . . . | 5 October 2012             | Sale                         | 237  | £9.53                          | £9.53                         |
| Barclays Bank PLC . . . . . | 9 October 2012             | Sale                         | 600  | £9.50                          | £9.50                         |
| Barclays Bank PLC . . . . . | 11 October 2012            | Sale                         | 222  | £9.51                          | £9.51                         |
| Barclays Bank PLC . . . . . | 15 October 2012            | Sale                         | 242  | £9.56                          | £9.56                         |
| Barclays Bank PLC . . . . . | 15 October 2012            | Sale                         | 700  | £9.53                          | £9.53                         |
| Barclays Bank PLC . . . . . | 16 October 2012            | Sale                         | 197  | £9.55                          | £9.55                         |
| Barclays Bank PLC . . . . . | 22 October 2012            | Sale                         | 1,065  | £9.76                          | £9.76                         |

- (b) During the disclosure period, there have not been any further dealings in Xstrata relevant securities by persons acting, or presumed to be acting, in concert with Glencore.

### 3.5 Interests in Glencore relevant securities

As at the close of business on 22 October 2012 (for the purposes of this paragraph 3.5 of this Part V being the last practicable date prior to the posting of this document) the only changes to

the information set out in paragraph 5.5 of Part VI of the Original Scheme Circular and paragraph 3.5 of Part IV of the Supplementary Scheme Circular are as follows:

- (a) the following persons acting, or presumed to be acting, in concert with Glencore had interests in or rights to subscribe for Glencore relevant securities:

| <u>Name</u>   | <u>Number of Glencore relevant securities</u> |
|---|---|
| Citigroup Global Markets Financial Products LLC . . . . . | 38,172 (Glencore Shares)                      |

- (b) the following persons acting, or presumed to be acting, in concert with Xstrata had interests in or rights to subscribe for Glencore relevant securities:

| <u>Name</u>                                   | <u>Number of Glencore relevant securities</u> |
|---|---|
| Frankfurt-Trust Invest Luxemburg AG . . . . . | 52,350 (Glencore Shares)                      |
| Goldman Sachs Asia Finance, Ltd. . . . .      | 1,467,629 (Glencore Shares)                   |
| Goldman Sachs Asia Finance, Ltd. . . . .      | (2,386) Glencore Shares                       |
| Goldman Sachs Asia Finance, Ltd. . . . .      | (5,152,880) BBM Barrier Option                |
| Goldman Sachs Asia Finance, Ltd. . . . .      | (2,797,825) Put Option                        |
| Goldman Sachs Asia Finance, Ltd. . . . .      | 3,922,200 Call Option                         |
| Goldman Sachs Asia Finance, Ltd. . . . .      | (3,922,200) Call Option                       |
| Goldman Sachs Asia Finance, Ltd. . . . .      | 927,000 Equity Swap                           |

### 3.6 Dealings in Glencore relevant securities

During the disclosure period:

- (a) there have not been any further dealings in Glencore relevant securities by the Glencore Directors and their immediate families, close relatives and related trusts; and
- (b) the following persons acting, or presumed to be acting, in concert with Glencore dealt in Glencore relevant securities (in addition to the dealings set out in paragraph 5.6(b) of Part VI of the Original Scheme Circular and paragraph 3.6(b) of Part IV of the Supplementary Scheme Circular):

| <u>Name</u>       | <u>Date of transaction</u>           | <u>Nature of transaction</u> | <u>Number of Glencore relevant securities (Glencore Shares)</u> | <u>High price per security</u> | <u>Low price per security</u> |
|-------------------|--------------------------------------|------------------------------|---|--------------------------------|-------------------------------|
| Citigroup . . . . | 4 August 2012 – 31 August 2012       | Sale                         | 78,368  | HK\$ 46.14                     | HK\$ 41.55                    |
| Citigroup . . . . | 1 September 2012 – 30 September 2012 | Sale                         | 75,046  | HK\$ 48.30                     | HK\$ 46.14                    |
| Citigroup . . . . | 1 September 2012 – 30 September 2012 | Purchase                     | 10,900  | HK\$ 45.55                     | HK\$ 43.7                     |
| Citigroup . . . . | 1 October 2012 – 22 October 2012     | Sale                         | 46,172  | HK\$ 46.14                     | HK\$ 46.14                    |
| Citigroup . . . . | 1 October 2012 – 22 October 2012     | Purchase                     | 1,600   | HK\$ 42.50                     | HK\$ 42.10                    |

Between the commencement of the Offer Period and 22 October 2012 (for the purposes of paragraph 3.6 of this Part V being the last practicable date prior to the posting of this document):

- (c) the following persons acting, or presumed to be acting, in concert with Xstrata dealt in Glencore relevant securities (when aggregated with the dealings set out in paragraph 5.7 of Part VI of the Original Scheme Circular and paragraph 3.6(c) of Part IV of the Supplementary Scheme Circular):

| <u>Name</u>                                 | <u>Date of transaction</u>        | <u>Nature of transaction</u> | <u>Number of Glencore relevant securities</u> | <u>High price per security</u> | <u>Low price per security</u> |
|---|-----------------------------------|------------------------------|---|--------------------------------|-------------------------------|
| Frankfurt-Trust Invest Luxemburg AG . . . . | 19 September 2012                 | Purchase                     | 5,550 Glencore Shares                         | £3.74                          | £3.74                         |
| Goldman, Sachs & Co. . . . .                | 2 February 2012 – 22 October 2012 | Sale                         | 380,000 Glencore Shares                       | £3.35                          | £3.35                         |
| Goldman Sachs Asia Finance, Ltd. . . . .    | 2 February 2012 – 22 October 2012 | Purchase                     | 5,467,400 Glencore Shares                     | HK\$ 57.09                     | HK\$ 37.25                    |



| Name                                     | Date of transaction                  | Nature of transaction | Number of Glencore relevant securities | High price per security | Low price per security |
|--|--------------------------------------|-----------------------|--|-------------------------|------------------------|
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Sale                  | 5,453,740 Glencore Shares              | HK\$ 60.20              | HK\$ 34.19             |
| Goldman, Sachs & Co. . . . .             | 2 February 2012 –<br>22 October 2012 | Purchase              | 380,000 Call Options                   | £3.39                   | £3.39                  |
| Goldman, Sachs & Co. . . . .             | 2 February 2012 –<br>22 October 2012 | Sale                  | 380,000 Call Options                   | £3.39                   | £3.39                  |
| Goldman, Sachs & Co. . . . .             | 2 February 2012 –<br>22 October 2012 | Exercise              | 380,000 Call Options                   | £3.39                   | £3.39                  |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Sale                  | 900,288 Call Options                   | HK\$ 34.97              | HK\$ 34.16             |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Exercise              | 507,840 Call Options                   | HK\$ 43.29              | HK\$ 34.16             |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Sale                  | 1,899,538 Put Options                  | £3.50                   | £3.14                  |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Exercise              | 2,743,420 Put Options                  | HK\$ 60.14              | HK\$ 41.53             |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Sale                  | 12,430 BBM Barrier Options             | HK\$ 43.29              | HK\$ 34.16             |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Long                  | 2,400,000 Equity Swap                  | £3.44                   | £0.00 <sup>(1)</sup>   |
| Goldman Sachs Asia Finance, Ltd. . . . . | 2 February 2012 –<br>22 October 2012 | Short                 | 1,473,000 Equity Swap                  | £3.44                   | £3.08                  |

(1) Zero price represents a conversion between the Hong Kong and London listings.

### 3.7 Interests of significant shareholders in Glencore

Other than the interests of Glencore Directors disclosed in paragraph 5.5 of Part VI of the Original Scheme Circular as supplemented by paragraph 3.5 of Part IV of the Supplementary Scheme Circular, so far as Glencore is aware the following persons hold directly or indirectly 5 per cent. or more of Glencore's voting rights as at 23 October 2012 (being the last practicable date prior to the posting of this document) or will do so immediately following the Merger becoming effective:

| Shareholder                                 | As at 23 October 2012 (the last practicable date prior to posting of this document) |   | Interests immediately following the Effective Date <sup>(1)</sup> |                              |
|---|---|---|---|------------------------------|
|   | Number of Glencore Shares   | Percentage of issued share capital of Glencore <sup>(2)</sup> | Number of Glencore Shares   | Percentage of Combined Group |
| 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                         |
| Qatar Holdings LLC <sup>(3)</sup> . . . . . | N/A   | N/A   | 1,125,373,274   | 8.45                         |

(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 under the Existing 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 Existing Xstrata Share Schemes and such Xstrata Shares being acquired by Glencore and (c) none of the outstanding Glencore convertible bonds are converted) and (iii) the exclusion of any other issues of Glencore Shares (including under Glencore Share Plans) between the posting of this document and the Effective Date.

(2) The changes in percentage of issued share capital of Glencore are as a result of the increased issued share capital of Glencore following the issue of 176,742,520 Glencore Shares pursuant to the Kazzinc transaction announced by Glencore on 11 October 2012.

(3) As at 23 October 2012 (being the last practicable date prior to the posting of this document), Qatar Holding LLC 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.

### 3.8 There is no agreement, arrangement or understanding whereby the beneficial ownership of any Xstrata Shares to be acquired by the Glencore Group pursuant to the New Scheme will be transferred to any other person.



#### 4. IRREVOCABLE UNDERTAKINGS

- 4.1 Those persons who have given irrevocable undertakings in respect of Xstrata Shares, as set out in paragraph 6.1 of Part VI of the Original Scheme Circular, have received a release from Glencore in respect of any obligation to vote in favour of New Scheme Resolution 2.
- 4.2 Save as set out in paragraph 4.1 above, there has been no change to the details set out in paragraphs 6.1, 6.2 and 6.3 of Part VI of the Original Scheme Circular.
- 4.3 There have been the following changes to the information set out in paragraph 6.4 of Part VI of the Original Scheme Circular as supplemented by paragraph 4.2 of Part IV of the Supplementary Scheme Circular:

| <u>Name</u>                             | <u>Number of<br/>Glencore Shares</u> | <u>Percentage of issued<br/>ordinary share<br/>capital of Glencore<br/>(per cent.)<sup>(1)</sup></u> |
|---|--------------------------------------|--|
| Ivan Glasenberg . . . . .               | 1,101,848,752                        | 15.520186  |
| Steven Kalmin . . . . .                 | 70,523,154                           | 0.993360   |
| Li Ning . . . . .                       | 123,000                              | 0.001733   |
| Peter Coates . . . . .                  | 82,700                               | 0.001165   |
| Daniel Francisco Maté Badenes . . . . . | 417,468,330                          | 5.880286   |
| Aristotelis Mistakidis . . . . .        | 414,730,597                          | 5.841724   |
| Tor Peterson . . . . .                  | 366,074,885                          | 5.156379   |
| Alex Beard . . . . .                    | 320,260,410                          | 4.511056   |

(1) The changes in percentage of issued share capital of Glencore are as a result of the increased issued share capital of Glencore following the issue of 176,742,520 Glencore Shares pursuant to the Kazzinc transaction announced by Glencore on 11 October 2012.

#### 5. GLENCORE DIRECTORS' EMOLUMENTS

There have been no changes or modifications to the emoluments of the Glencore Directors described in paragraph 7 of Part VI of the Original Scheme Circular.

#### 6. SERVICE CONTRACTS AND LETTERS OF APPOINTMENT OF THE XSTRATA DIRECTORS

##### 6.1 Xstrata Executive Directors

##### *Employment contracts with Xstrata*

The Xstrata Executive Directors have employment contracts with Xstrata, particulars of which are set out below:

| <u>Name</u>             | <u>Date of<br/>Contract</u> | <u>Employing<br/>Company</u>  | <u>Basic Salary<br/>with effect from<br/>1 January 2012</u> | <u>Basic Salary<br/>for calendar<br/>year 2011</u> |
|-------------------------|-----------------------------|-------------------------------|---|--|
| Mr Davis . . . . .      | 19 March 2002               | Xstrata Services (UK) Limited | £1,501,500  | £1,430,000   |
| Mr Reid . . . . .       | 19 March 2002               | Xstrata Services (UK) Limited | £815,000  | £750,000   |
| Mr Zaldumbide . . . . . | 23 July 2007                | Asturiana de Zinc S.A.        | €1,076,400  | €1,040,000   |

Except as disclosed above there are no other service contracts of any Director or proposed Director of Xstrata.

Mick Davis and Trevor Reid have employment agreements with Xstrata Services (UK) Limited, which are terminable by either party by at least 12 months' notice but their services as Chief Executive and Chief Financial Officer, respectively, are provided to Xstrata under a secondment agreement entered into between Xstrata and Xstrata Services (UK) Limited on 19 March 2002. Each of the directors are seconded to Xstrata for a fixed term of two years thereafter renewable by Xstrata for further periods of two years. The secondment agreements were most recently renewed for the two-year period commencing on 19 March 2012 and ending on 19 March 2014. The secondment agreements will terminate automatically on termination of the employment agreements. Under their employment agreements, on termination of their employment by Xstrata Services (UK Limited) in breach, or if Mr Davis or Mr Reid resign in circumstances where they cannot in good faith be expected to continue in employment, each director is entitled to be

paid a sum equal to 100 per cent. of his annual salary plus retirement benefits and other benefits and his previous year's bonus (capped at 300 per cent. of annual salary) (plus any accrued basic salary and expenses) and to have all entitlements under his retirement benefit plans paid in accordance with the plan rules.

Mr Zaldumbide provides his services to the Xstrata Group under a professional services agreement entered into between him and Asturiana de Zinc S.A. on 23 July 2007, pursuant to which Mr Zaldumbide agreed to act as Chairman and Chief Executive of Xstrata Zinc. This agreement continues indefinitely unless terminated by one of the parties on at least 6 months' written notice. Mr Zaldumbide receives no retirement benefits under the terms of his professional services agreement but is eligible to participate in the Xstrata Annual Bonus Plan and the LTIP. On termination of his professional services agreement, other than on his voluntary termination or termination for gross negligence, Mr Zaldumbide is entitled to be paid a sum equal to 150 per cent. of his annual salary and 100 per cent. of his previous year's bonus (plus any accrued basic salary and expenses).

As set out in paragraph 9 of Part II of the Original Scheme Circular, Xstrata has agreed to make a payment to "buy out" Mr Reid's and Mr Zaldumbide's contractual right to receive a severance payment which may have been triggered in the circumstances of the Merger. Payment is conditional on completion of the Merger and on the individual being in employment with the Combined Group on the Effective Date.

#### *Retirement benefits*

Mr Davis and Mr Reid participate in money purchase retirement plans which target a defined benefit pension. The Xstrata Group makes contributions which are reassessed annually and are based on actuarial advice, with the objective of accumulating sufficient funds over the working lifetime of each executive to provide an overall target retirement benefit that is currently intended to be equivalent to 3 per cent. of final pensionable salary per year of service (up to a maximum of 20 years) targeting retirement at age 60. The retirement plan rules require a funding review on termination of employment or a change of control which may, depending on actuarial advice, result in a funding contribution to the relevant individual being made so that the accumulated funding of the target retirement benefits is at least equal to the past service cost of those benefits. The actual benefits payable from the retirement benefit plans will be based on the amount that has accumulated in that member's money purchase accounts. Contributions are made through a combination of payments to a registered retirement benefit plan and cash sum allowances to the Independent Executive Xstrata Director, having regard to the tax limits on contributions and benefits from registered UK retirement benefit plans (with only cash sum allowances being made after 2007). No employee contributions are currently payable by Mr Davis and Mr Reid. Mr Zaldumbide receives no retirement benefits under the terms of his professional services agreement. Details of the retirement benefit related payments made for the year ending 31 December 2011 are shown below.

#### **Retirement benefit related payments<sup>(1)</sup>**

|                    |            |
|--------------------|------------|
| Mr Davis . . . . . | £2,706,687 |
| Mr Reid . . . . .  | £1,846,577 |

(1) Mr Zaldumbide received no retirement benefits under the terms of his fixed cost remuneration agreement.

#### *Incentives*

The Xstrata Executive Directors are eligible to participate in the Xstrata Annual Bonus Plan. The maximum bonus payable under the bonus plan is 300 per cent. of salary. Bonuses are payable in up to three tranches, as follows, (i) the maximum bonus a participant is eligible to receive in cash is limited to 100 per cent. of the individual's basic salary, (ii) any additional bonus of up to a further 100 per cent. of basic salary is deferred for a period of 1 year, and (iii) any remaining bonus of up to the further maximum 100 per cent. of basic salary is deferred for a period of 2 years. The deferred element takes the form of an award of Xstrata Shares granted on either a net or gross of tax basis subject to conditions or an award of a nil-cost option over Xstrata Shares.

### Other benefits

Each of the Xstrata Executive Directors is entitled to the provision of permanent health, life and private medical insurance, short-term, interest-free loans to assist with funding double-taxation liabilities where appropriate, any housing allowance (where essential for the performance of duties) and, in the case of Mr Davis, limited private use of Xstrata's leased aircraft. In addition, Xstrata Executive Directors are entitled to reimbursement of reasonable expenses, and to a company car or car allowance. Details of the value of the annual bonus and benefits provided in the year ending 31 December 2011 are shown below.

|                               | Cash Bonus <sup>(1)</sup> | Housing allowances | Health, life and private medical insurance | Other benefits |
|-------------------------------|---------------------------|--------------------|--|----------------|
| Mick Davis . . . . .          | £1,430,000                | US\$183,000        | £113,024                                   | £299,964       |
| Trevor Reid . . . . .         | £750,000                  | US\$141,660        | £14,760                                    | N/A            |
| Santiago Zaldumbide . . . . . | €1,040,000                | N/A                | N/A  | N/A            |

(1) The bonus tranche is payable in cash. Two additional bonus tranches have been deferred in the form of nil cost options granted under the Xstrata Annual Bonus Plan, details of which are shown in respect of Mr Davis, Mr Reid and Mr Zaldumbide on page 79 of this document under the heading "Unvested Share Options" with earliest exercise dates of 2 February 2013 and 2 February 2014 respectively.

### 6.2 The Chairman and the other Xstrata Non-Executive Directors

The Chairman and the other Xstrata Non-Executive Directors do not have service contracts with Xstrata. The Chairman's appointment can be terminated on 12 months' notice or by way of payment in lieu of notice. The appointments of the Xstrata Non-Executive Directors can be terminated at any time and without notice and, save for any payment in lieu of notice payable to the Chairman, Xstrata Non Executive Directors have no right to compensation on early termination of their office. The following terms apply to the Chairman and the Xstrata Non-Executive Directors:

| Name                             | Appointment Date | Annual Fee as at 1 January 2012 | Fee for calendar year 2011 (pro rated where director appointed during the year) |
|----------------------------------|------------------|---------------------------------|---|
| Sir John Bond . . . . .          | 4 May 2011       | £700,000                        | £474,167  |
| David Rough . . . . .            | 4 April 2002     | £185,200                        | £185,200  |
| Ivan Glasenberg . . . . .        | 25 February 2002 | £81,200 <sup>(1)</sup>          | £86,019   |
| Sir Steve Robson CB . . . . .    | 25 February 2002 | £109,800                        | £109,800  |
| Ian Strachan . . . . .           | 8 May 2003       | £119,350                        | £119,350  |
| Claude Lamoureux . . . . .       | 6 May 2008       | £109,800                        | £109,800  |
| Peter Hooley . . . . .           | 5 May 2009       | £118,200                        | £118,200  |
| Con Fauconnier . . . . .         | 5 May 2010       | £109,800                        | £109,800  |
| Aristotelis Mistakidis . . . . . | 4 May 2011       | £81,200                         | £53,837   |
| Tor Peterson . . . . .           | 4 May 2011       | £81,200                         | £53,837   |

(1) Mr Glasenberg received a fee of £86,019 for the calendar year 2011, when he also served on the Nominations Committee.

In accordance with the Xstrata Articles the Xstrata Directors are all indemnified out of the assets of Xstrata to the extent permitted by law in respect of liabilities incurred as a result of their office. In addition, Xstrata has also put in place a specific deed of indemnity setting out in greater detail the terms and conditions of the indemnity provided by Xstrata. Xstrata also purchases and maintains a director's and officer's liability insurance policy.

### 6.3 Mr Davis's employment contract with the Combined Group

If the Merger completes in accordance with the final revised terms, Mick Davis will serve as the CEO of the Combined Group and as a director of the Combined Entity for a period of six months from the Effective Date. Mick Davis will not participate in the Revised Management Incentive Arrangements (i.e. the "retention awards" (described on pages 31 and 32 of the Original Scheme Circular) to be paid in the form of Glencore Shares (as described on pages 15 and 16 of the Supplementary Scheme Circular) and the guaranteed awards under the Glencore PSP (as defined

in and described on page 33 of the Original Scheme Circular and page 17 of the Supplementary Scheme Circular)). The existing 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 Supplementary Scheme Circular) has been terminated.

Mick Davis has waived his rights to the “retention awards” to be granted under the New Xstrata 2012 Plan and therefore the terms of the Revised New Xstrata 2012 Plan do not allow for the grant of 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 100 per cent. of his annual salary, 2011 bonus and other benefits and pension allowance (which in total 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) and which are summarised on page 88 of the Original Scheme Circular. 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.

Mick Davis has entered into a new agreement with the Combined Group for a fixed 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, Mick Davis is appointed as CEO of the Combined Group with all the customary powers of a CEO 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 and, where relevant, 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 the agreement with the Combined Group 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 Revised Management Incentive Arrangements Resolution 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 employment agreement with the Combined Group does not contemplate any extension beyond six months.

## **7. REVISED NEW XSTRATA 2012 PLAN**

- 7.1 Save as set out in this paragraph 7, the description of the New Xstrata 2012 Plan in paragraph 7 of Part IV of the Supplementary Scheme Circular shall constitute the Revised New Xstrata 2012 Plan.
- 7.2 Mick Davis has waived his rights to the “retention awards” to be granted under the New Xstrata 2012 Plan and therefore the terms of the Revised New Xstrata 2012 Plan do not allow for the grant of awards to Mick Davis. Accordingly, no “Schedule A Awards” may be granted under the rules of the Revised New Xstrata 2012 Plan. The terms of the Revised New Xstrata 2012 Plan reflect the fact that Mick Davis will cease to be a director of the Combined Entity and CEO of the Combined Group after the initial six-month period following the Effective Date and that this will no longer constitute an amendment to the agreed governance structure which would have been a “valid reason” for such members of Xstrata’s Management to terminate their contracts of employment and receive accelerated vesting of the retention awards granted under such plan.
- 7.3 The adoption of the Revised New Xstrata 2012 Plan is subject to the passing of the Revised Management Incentive Arrangements Resolution at the Further Xstrata General Meeting which will be taken on a poll and on which only Independent Xstrata Shareholders are permitted to vote.

- 7.4 The New Share Awards will be granted at the conclusion of the Further Xstrata General Meeting (or if relevant, immediately after any applicable share dealing restrictions cease to apply) to the relevant individuals, by reference to the average market value of Xstrata Shares at the date of the Further Xstrata General Meeting. The average market value will be calculated by reference to the average of the middle market closing prices of an Xstrata Share over the seven dealing days immediately before the Further Xstrata General Meeting, subject to a minimum value of 705 pence.
- 7.5 The maximum number of Xstrata Shares over which New Share Awards may be granted is 20,155,462.
- 7.6 The rules of the Revised New Xstrata 2012 Plan can be inspected at the London offices of Xstrata's solicitors, Freshfields Bruckhaus Deringer LLP at 65 Fleet, Street, London EC4Y 1HS and at the registered office of Xstrata at 1<sup>st</sup> Floor Almack House, 26-28 King Street, London, United Kingdom, SW1Y 6QW during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until close of business on the date of the Further Xstrata General Meeting and will also be available for inspection for 15 minutes before and during the Further Xstrata General Meeting.

## **8. MATERIAL CONTRACTS**

### **8.1 Glencore's material contracts**

Save as set out in this paragraph 8.1 below and in paragraph 10 of Part VI of the Original Scheme Circular, Glencore and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, since 2 February 2010 (being the date two years before the commencement of the Offer Period).

#### **(a) 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.

#### **(b) 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 97 of the Original Scheme Circular, were terminated. Separately, on 24 September 2012 Glencore, JSC "Verny Capital", acting in the interest of Verny Investments, and 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.

(c) 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.

8.2 Xstrata's material contracts

Save as set out in paragraph 8.1(a) of this Part V, in this paragraph 8.2 below and in paragraph 10 of Part VI of the Original Scheme Circular, Xstrata and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, since 2 February 2010 (being the date two years before the commencement of the Offer Period).

(a) 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 8.2(b) of this Part V 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 had been 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 an 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 AG would be 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.



(b) 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 2042 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.

## **9. SIGNIFICANT CHANGE**

- 9.1 Save as disclosed in this document or the Original Scheme Circular, the Independent Xstrata Directors are not aware of any significant change in the financial or trading position of Xstrata which has occurred since 30 June 2012, being the date to which the last published interim financial information of Xstrata was prepared.
- 9.2 Save as disclosed in this document or the Original Scheme Circular, the Glencore Directors are not aware of any significant change in the financial or trading position of Glencore since 30 June 2012, being the date to which the last published interim financial information of Glencore was prepared.
- 9.3 Save as disclosed in this document and the Supplementary Scheme Circular, there has been no material change to the information set out in the Original Scheme Circular.

## **10. SOURCES AND BASES OF SELECTED FINANCIAL INFORMATION**

- 10.1 Unless otherwise stated, all prices quoted for Xstrata Shares and Glencore Shares are closing mid-market prices and are derived from the Daily Official List.
- 10.2 The US\$/£ exchange rate of US\$1.59/£1.00 used in this document is the Bloomberg rate as at 5.00 p.m. London time on 23 October 2012 (being the last practicable date prior to the posting of this document).
- 10.3 As at the close of business on 23 October 2012 the number of Glencore Shares in issue was 7,099,456,031. The International Securities Identification Number for Glencore Shares is JE00B4T3BW64.
- 10.4 As at the close of business on 23 October 2012 the number of Xstrata Shares in issue was 3,002,692,076. (Of this number, 1,010,403,999 Xstrata Shares were owned by the Glencore Group and 49,082,691 Xstrata Shares were held by certain entities connected with Xstrata that hold Xstrata Shares for the purpose of satisfying Xstrata Shares to be issued pursuant to the Existing Xstrata Share Schemes.) The International Securities Identification Number for Xstrata Shares is GB0031411001 and the Swiss Security Number is 1386 215.
- 10.5 The value of 1,045.85 pence per Xstrata Share implied by the terms of the Merger is calculated based on the exchange ratio of 3.05 New Glencore Shares for each Xstrata Share held and the closing price per Glencore Share of 342.90 pence on 23 October 2012 (being the last practicable date prior to the posting of this document).
- 10.6 As at the close of business on 23 October 2012 the fully diluted number of Xstrata Shares is 3,051,820,660. This comprises:
  - (a) the number of Xstrata Shares in issue set out in paragraph 10.4 above, plus



- (b) 78,055,813 Xstrata Shares to be issued pursuant to the Existing Xstrata Share Schemes; less
  - (c) the number of Xstrata Shares held by certain entities connected to Xstrata referred to in paragraph 10.4 that hold Xstrata Shares for the purpose of satisfying Xstrata Shares to be issued pursuant to the Existing Xstrata Share Schemes; plus
  - (d) the maximum number of Xstrata Shares needed to satisfy the retention share awards of 20,155,462 Xstrata Shares.
- 10.7 The value of £31.9 billion for Xstrata's issued and to be issued share capital implied by the terms of the Merger is calculated on the basis of the value placed on each Xstrata Share referred to in paragraph 10.5 above multiplied by the fully diluted number of Xstrata Shares referred to in paragraph 10.6.
- 10.8 The number of New Glencore Shares of 6,226,320,817 to be issued in connection with the merger is based on the exchange ratio of 3.05 New Glencore Shares in respect of 2,041,416,661 Scheme Shares, which consist of:
- (a) the number of fully diluted Xstrata Shares referred to in paragraph 10.6; less
  - (b) the number of Xstrata Shares owned by the Glencore Group referred to in paragraph 10.4.
- 10.9 The exchange ratio of 2.59 implied by the middle market closing prices of Xstrata and Glencore on 1 February 2012 (being the last practicable date prior to the announcement by Xstrata that it was in discussions with Glencore) is calculated based on the daily ratios of the closing price per Xstrata Share divided by the closing price per Glencore Share.
- 10.10 The exchange ratio of 2.43 being the average of the ratios implied by the middle market closing prices of Xstrata and Glencore between 3 September and 6 September 2012 (the latter being the last business day prior to the announcement by Xstrata of the revised proposal from Glencore) is calculated based on the daily ratios of the closing price per Xstrata Share divided by the closing price per Glencore Share.
- 10.11 The lowest ratio of 1.92 implied by the middle market closing prices of Xstrata and Glencore between Glencore's IPO on 19 May 2011 and 1 February 2012 (being the last practicable date prior to the announcement by Xstrata that it was in discussions with Glencore) is calculated based on the daily ratios of the closing price per Xstrata Share divided by the closing price per Glencore Share.
- 10.12 The highest ratio of 2.90 implied by the middle market closing share prices of Xstrata and Glencore between Glencore's IPO on 19 May 2011 and 1 February 2012 (being the last practicable date prior to the announcement by Xstrata that it was in discussions with Glencore) is calculated based on the daily ratios of the closing price per Xstrata Share divided by the closing price per Glencore Share.
- 10.13 The US\$500 million synergy number is unaudited and is based on analysis by Glencore's and Xstrata's management and on Xstrata's unaudited results for the year ended 31 December 2011 and Glencore's internal records as at 6 February 2012.
- 10.14 Unless otherwise stated, the financial information concerning Xstrata has been extracted from the audited annual report and accounts for Xstrata for the relevant period, or Xstrata's interim report for the half-year ended 30 June 2012.
- 10.15 Unless otherwise stated, the financial information concerning Glencore has been extracted from the audited annual report and accounts for Glencore for the relevant period, or Glencore's interim report for the half-year ended 30 June 2012 which is incorporated into this document by reference pursuant to Rule 24.15 of the Code.

## **11. OTHER INFORMATION**

- 11.1 Deutsche Bank AG, London Branch has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

- 11.2 J.P. Morgan Limited has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 11.3 Goldman Sachs International has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 11.4 Nomura International plc has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 11.5 Barclays has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 11.6 M. Klein and Company, LLC has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and content in which they appear.
- 11.7 No agreement, arrangement or understanding (including any compensation arrangement) exists (save as otherwise disclosed in this document, the Supplementary Scheme Circular or the Original Scheme Circular) between Glencore or any person acting in concert with Glencore for the purposes of the Merger and any of the directors, shareholders or recent shareholders of Xstrata, or any person interested or recently interested in Xstrata Shares, having any connection with or dependence upon, or which is conditional on the outcome of the Merger.
- 11.8 There are no arrangements of the kind referred to in Note 11 of the definition of acting in concert in the Code which exists between Glencore, or any person acting in concert with Glencore, and any other person or between Xstrata, or any person acting in concert with Xstrata, and any other person.
- 11.9 The aggregate fees and expenses which are expected to be incurred by Glencore in connection with the Merger are estimated to amount to between US\$76,724,250 to US\$96,724,250 plus applicable VAT. This aggregate number consists of the following categories:
- (a) financial and corporate broking advice: between US\$30,000,000 and US\$50,000,000 plus applicable VAT\*;
  - (b) legal advice: £18,290,000 plus applicable VAT;
  - (c) accounting advice: US\$3,300,000 plus applicable VAT;
  - (d) public relations advice: US\$791,600 plus applicable VAT;
  - (e) other professional services: US\$9,671,000 plus applicable VAT; and
  - (f) other costs and expenses: US\$764,750 plus applicable VAT.
- 11.10 The aggregate fees and expenses which are expected to be incurred by Xstrata in connection with the Merger are estimated to amount to between US\$119,176,567 to US\$135,955,867 plus applicable VAT. This aggregate number consists of the following categories:
- (a) financial and corporate broking advice: between US\$68,000,000 and US\$80,000,000 plus applicable VAT\*\*;
  - (b) legal advice: £20,569,878 plus applicable VAT;
  - (c) accounting advice: \$4,600,000 plus applicable VAT;
  - (d) public relations advice: between £1,200,000 and £4,200,000 plus applicable VAT\*\*;
  - (e) other professional services: US\$8,775,000 plus applicable VAT; and
  - (f) other costs and expenses: £1,958,430 plus applicable VAT.

---

\* The variable component of these fees comprises a success fee payable by Glencore at its discretion.

\*\* The variable component of these fees comprises elements of fees which are payable by Xstrata at its discretion or which are contingent upon completion of the Merger.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available on Glencore's website at [www.glencore.com](http://www.glencore.com) and on Xstrata's website at [www.xstrata.com](http://www.xstrata.com) during the course of the Merger:

- 12.1 the Xstrata Articles;
- 12.2 the Xstrata Articles as proposed to be amended by the resolutions set out in the notice of Further Xstrata General Meeting set out at Part VIII of this document;
- 12.3 the memorandum and articles of association of Glencore;
- 12.4 the material contracts referred to in paragraphs 10.1(l) and 10.2(a) of Part VI of the Original Scheme Circular and paragraph 8.1(a) of Part V of this document;
- 12.5 the irrevocable undertakings referred to in paragraph 6 of Part VI of the Original Scheme Circular;
- 12.6 the written consents referred to in paragraph 11 of this Part V, paragraph 11 of Part IV of the Supplementary Scheme Circular and paragraph 14 of Part VI of the Original Scheme Circular;
- 12.7 a full list of the dealings aggregated in paragraph 3 of this Part V, in paragraph 3 of Part IV of the Supplementary Scheme Circular and in paragraph 5 of Part VI of the Original Scheme Circular;
- 12.8 the letters to be sent to participants in Existing Xstrata Share Schemes and the Revised New Xstrata 2012 Plan in accordance with Rule 15 of the Code, as referred to in paragraph 10 of Part II of the Original Scheme Circular and paragraph 1 of Part I and paragraph 2 of Part II of the Supplementary Scheme Circular, respectively;
- 12.9 the rules of the Revised New Xstrata 2012 Plan;
- 12.10 Xstrata's half-year results announcement for the 6 months ended 30 June 2012;
- 12.11 Glencore's half-year results announcement for the 6 months ended 30 June 2012; and
- 12.12 this document (including any documents incorporated herein by reference), the Supplementary Scheme Circular, the Original Scheme Circular, the Forms of Proxy and the Further Forms of Proxy.

**PART VI**  
**DEFINITIONS**

Except for the following definitions (which apply throughout this document), definitions used in the Original Scheme Circular and the Supplementary Scheme Circular also apply in this document unless, in each case, the context requires otherwise:

|   |  |
|---|--|
| “A Shares”                                  | has the meaning given in Part III ( <i>The New Scheme of Arrangement</i> ) of this document  |
| “Amended Management Incentive Arrangements” | the terms of the Management Incentive Arrangements, as amended on the basis described in the Supplementary Scheme Circular and, in particular, in paragraph 1 of Part I ( <i>Letter from the Chairman of Xstrata</i> ) and paragraph 2 of Part II ( <i>Supplementary Explanatory Statement</i> ) of that document, and including, in particular, the New Xstrata 2012 Plan as set out in that document |
| “B Shares”                                  | has the meaning given in Part III ( <i>The New Scheme of Arrangement</i> ) of this document  |
| “Conditions”                                | the conditions to the implementation of the Merger (including the New Scheme) as set out in Part IV ( <i>Conditions and Further terms of the New Scheme and the Merger</i> ) of this document  |
| “Disclosed”                                 | (i) fairly disclosed in Xstrata’s annual report and accounts for the year ended 31 December 2011, (ii) Publicly Announced, or (iii) fairly disclosed to Glencore or its financial, legal or accounting advisers (specifically in their capacity as Glencore’s advisers in relation to the Merger) by or on behalf of Xstrata, in each case prior to 1 October 2012                                     |
| “Effective Date”                            | the date upon which a copy of the Reduction Court Order and the related Statement of Capital have been delivered to the Registrar of Companies and, if the Court so orders for the Reduction of Capital to take effect, registered by the Registrar of Companies, following the prior delivery of the New Scheme Court Order to the Registrar of Companies   |
| “Excluded Shares”                           | (a) all Xstrata Shares beneficially owned by Glencore or any other member of the Glencore Group, (b) any Xstrata Shares held in treasury by Xstrata, and (c) any other Xstrata Shares which Glencore and Xstrata agree (subject to the consent of the Court) will not be subject to the New Scheme, in each case which will be reclassified as A Shares pursuant to Clause 1 of the New Scheme         |
| “Existing Xstrata Share Schemes”            | the Xstrata plc 2002 Long Term Incentive Plan, the Xstrata plc 2002 Executive Committee Annual Bonus Plan and the Xstrata plc 2005 Added Value Incentive Plan, each as amended from time to time   |
| “Further Forms of Proxy”                    | the New Court Meeting Form of Proxy and the Further Xstrata General Meeting Form of Proxy  |
| “Further Glencore Circular”                 | the circular to be sent to Glencore Shareholders in connection with the Merger dated on or around the date of this document  |
| “Further Xstrata General Meeting”           | the extraordinary general meeting of Xstrata to be convened in connection with the New Scheme, the Reduction of Capital and the Revised Management Incentive Arrangements, notice of which is set out in Part VIII ( <i>Notice of Further Xstrata General Meeting</i> ) of this document, including any adjournment thereof  |

|   |  |
|---|--|
| "Further Xstrata General Meeting Form of Proxy" | the PINK form of proxy in relation to the Further Xstrata General Meeting, which accompanies this document   |
| "Further Xstrata General Meeting Resolutions"   | the resolutions set out in the notice of the Further Xstrata General Meeting in Part VIII ( <i>Notice of Further Xstrata General Meeting</i> ) of this document  |
| "Glencore Prospectus"                           | the document published by Glencore on 31 May 2012 in conjunction with the issue of the New Glencore Shares as supplemented by the supplementary prospectuses published on 12 July 2012, 7 August 2012, 21 August 2012 and on or around the date of this document, and any other supplement that may be published by Glencore   |
| "Independent Xstrata Shareholders"              | those Xstrata Shareholders who are permitted under Rule 16.2 of the Code to vote on the Revised Management Incentive Arrangements Resolution   |
| "Long Stop Date"                                | 11.59 p.m. London time on 31 December 2012 or such later date (if any) as Glencore and Xstrata may, with the consent of the Panel, agree and (if required) the Court may allow   |
| "Merger"  | the direct or indirect acquisition of the entire issued and to be issued share capital of Xstrata by Glencore (other than any Xstrata Shares already held by any member of the Glencore Group) to be implemented by way of the New Scheme or (should Glencore so elect, subject to the consent of the Panel (where necessary) and with Xstrata's prior written consent) by way of a Merger Offer |
| "New Court Meeting"                             | the meeting of Scheme Voting Shareholders to be convened by order of the Court pursuant to section 896 of the Act to consider and, if thought fit, approve the New Scheme, including any adjournment thereof   |
| "New Court Meeting Form of Proxy"               | the BLUE form of proxy in connection with the New Court Meeting, which accompanies this document   |
| "New Glencore Shares"                           | the new Glencore Shares to be allotted and issued to Scheme Shareholders pursuant to the New Scheme  |
| "New Scheme"                                    | the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Xstrata and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Xstrata and Glencore  |
| "New Scheme Court Order"                        | the order of the Court sanctioning the New Scheme under Part 26 of the Act   |
| "New Scheme Resolutions"                        | the resolutions to be proposed at the New Court Meeting set out in the Notice of New Court Meeting in Part VII ( <i>Notice of New Court Meeting</i> ) of this document, and "New Scheme Resolution" means either one of them   |
| "New Shareholder Meetings"                      | the New Court Meeting and the Further Xstrata General Meeting, and "New Shareholder Meeting" means either one of them  |
| "New Xstrata Shares"                            | the new Xstrata Shares to be allotted and issued to Glencore and/or its nominees pursuant to the New Scheme  |
| "Original Scheme"                               | the scheme of arrangement under Part 26 of the Companies Act sent to Xstrata Shareholders on 31 May 2012   |

|  |  |
|--|--|
| “Original Scheme Circular”                             | the document containing the Original Scheme as sent to Xstrata Shareholders on 31 May 2012   |
| “Principal Shareholders”                               | Steven Kalmin, Daniel Francisco Maté Badenes, Aristotelis Mistakidis, Tor Peterson and Alex Beard  |
| “Publicly Announced”                                   | fairly disclosed in any public announcement by Xstrata to any Regulatory Information Service   |
| “Reduction of Capital”                                 | the proposed reduction of the Company’s share capital under Chapter 10 of Part 17 of the Act, to be effected as part of the New Scheme   |
| “Resolutions”  | the resolutions set out in the notice of the New Court Meeting in Part VII ( <i>Notice of the New Court Meeting</i> ) of this document and the notice of the Further Xstrata General Meeting in Part VIII ( <i>Notice of Further Xstrata General Meeting</i> ) of this document, respectively  |
| “Revised Management Incentive Arrangements”            | those elements of the retention and incentive arrangements set out in paragraph 9 of Part II ( <i>Explanatory Statement</i> ) of the Original Scheme Circular, paragraph 2 of Part II ( <i>Supplementary Explanatory Statement</i> ) of the Supplementary Scheme Circular and paragraph 3 of Part II ( <i>Explanatory Statement</i> ) of this document, proposed to be put in place for (a) the members of Xstrata’s Management, and (b) each of the Xstrata Senior Employees, which will be voted on by the Independent Xstrata Shareholders at the Further Xstrata General Meeting |
| “Revised Management Incentive Arrangements Resolution” | resolution number 2 set out in the notice of the Further Xstrata General Meeting in Part VIII ( <i>Notice of Further Xstrata General Meeting</i> ) of this document, to be voted on by the Independent Xstrata Shareholders  |
| “Revised New Xstrata 2012 Plan”                        | the Xstrata share plan as described in paragraph 7 of Part V ( <i>Additional Information</i> ) of this document  |
| “Scheme Court Hearing”                                 | the hearing by the Court of the claim form to sanction the New Scheme under section 899 of the Act at which the New Scheme Court Order will be sought  |
| “Scheme Shares”  | all Xstrata Shares which have been reclassified as B Shares pursuant to Clause 1 of the New Scheme as set out in Part III ( <i>The New Scheme of Arrangement</i> ) of this document  |
| “Scheme Voting Record Time”                            | 6.00 p.m. (London time) on the day which is two business days before the date of the New Court Meeting or, if the New Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two business days before the date set for the adjourned New Court Meeting  |
| “Scheme Voting Shares”                                 | all Xstrata Shares: <ul style="list-style-type: none"> <li>(a) in issue as at the date of this document; and</li> <li>(b) (if any) issued after the date of this document and prior to the Scheme Voting Record Time,</li> </ul> but in each case other than the Excluded Shares   |
| “Supplementary Scheme Circular”                        | the document setting out the amendments to the Management Incentive Arrangements as sent to Xstrata Shareholders on 8 August 2012  |
| “Xstrata Financial Advisers”                           | Deutsche Bank AG, London Branch, J.P. Morgan Limited, Goldman Sachs International and Nomura International plc   |

|                            |  |
|----------------------------|--|
| “Xstrata’s Management”     | the members of senior and operational management of the Xstrata Group, being the Xstrata Executive Directors (other than Mr. Davis) and Peter Freyberg, Benny Levene, Thras Moraitis, Ian Pearce and Charlie Sartain   |
| “Xstrata Senior Employees” | the 65 senior and operational employees of the Xstrata Group who it is proposed will benefit from those elements of the Revised Management Incentive Arrangements, which will be voted on by the Independent Xstrata Shareholders at the Further Xstrata General Meeting |
| “Xstrata Share Schemes”    | the Existing Xstrata Share Schemes and the Revised New Xstrata 2012 Plan, as amended from time to time   |

For the purposes of this document, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this document. All references to time in this document are to London time unless otherwise stated.



PART VII

NOTICE OF NEW COURT MEETING

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

MR. REGISTRAR JONES

No. 8002 of 2012

IN THE MATTER OF XSTRATA PLC

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 23 October 2012 made in the above matters, the Court has directed a meeting in relation to a scheme of arrangement (the “New Scheme”) proposed to be made between Xstrata plc (the “Company”) and Scheme Shareholders (as defined in the New Scheme), to be convened of the holders of the Scheme Voting Shares (as defined in the New Scheme) for the purpose of considering and, if thought fit, approving, the following resolutions:

1. **THAT** the New Scheme be and is hereby approved **subject to the Revised Management Incentive Arrangements Resolution** to be proposed at the Further Xstrata General Meeting (as defined in the circular (the “New Scheme Circular”) sent to Xstrata Shareholders in relation to the New Scheme) **being passed; and**
2. **THAT** the New Scheme be and is hereby approved **subject to the Revised Management Incentive Arrangements Resolution** to be proposed at the Further Xstrata General Meeting **NOT being passed,**

(in each case with or without modification and subject to the passing of resolution 1 to be proposed at the Further Xstrata General Meeting), and that such meeting shall be held at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland on 20 November 2012 at 2.00 p.m. Central European Time with a concurrent satellite meeting linked by video conference to the New Court Meeting (as defined below) in Zug held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ at 1.00 p.m. London time (the “New Court Meeting”) at which places and time all holders of Scheme Voting Shares are requested to attend either in person or by proxy.

A copy of the said New Scheme and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part. Terms defined in the said New Scheme have the same meanings in this notice and/or the New Scheme Circular.

**Scheme Voting Shareholders entitled to attend and vote at the meeting may vote in person at the New Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A BLUE form of proxy for use at the meeting is enclosed with this notice.**

**Scheme Voting Shareholders are entitled to appoint a proxy in respect of some or all of their shares. Scheme Voting Shareholders are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. A space has been included in the BLUE form of proxy to allow Scheme Voting Shareholders to specify the number of shares in respect of which that proxy is appointed. Scheme Voting Shareholders who return the BLUE form of proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their Scheme Voting Shares.**

**Scheme Voting Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact the Company’s Registrars, Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6ZY for further BLUE forms of proxy or photocopy the form of proxy as required. Such holders should also read the “Explanatory Notes” set out in the BLUE form of proxy, and note the principles that shall be applied in relation to multiple proxies.**

It is requested that BLUE forms of proxy (together with any power of attorney or authority under which they are signed, or a duly certificated copy of such power of attorney or other authority) be lodged with the Company's Registrars at The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received by no later than 1.00 p.m. London time on 16 November 2012, or in the case of an adjourned meeting, by no later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the said meeting, but if forms are not so lodged they may be handed to the Company's Registrars or the Chairman at the meeting.

Scheme Voting Shareholders entitled to attend and vote at the meeting may appoint a proxy electronically by logging on to the website of the Company's Registrars at [www.eproxyappointment.com](http://www.eproxyappointment.com) and entering the control number, shareholder reference number and personal identification number shown on their form of proxy. Full details of the procedure to be followed to appoint a proxy electronically are given on the website. Information is also included in the instructions included on the New Court Meeting Form of Proxy.

Scheme Voting Shareholders who hold Scheme Voting Shares in uncertificated form (that is, in CREST) and who wish to appoint a proxy or proxies for the New Court Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by no later than 48 hours (excluding any part of a day that is not a working day) prior to the New Court Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Xstrata may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

Completion of the BLUE form of proxy or the appointment of a proxy or proxies electronically or through CREST shall not prevent a holder of Scheme Voting Shares from attending and voting at the meeting or any adjournment thereof.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As an alternative to appointing a proxy, any Scheme Voting Shareholder which is a corporation may vote by a corporate representative in accordance with the Companies Act 2006.

Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. London time on the day which is two business days before the date of the meeting or

adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time shall be disregarded.

By the said order, the Court has appointed Sir John Bond or, failing him, David Rough, Sir Steve Robson CB or Ian Strachan, to act as chairman of the said meeting and has directed the chairman to report the result thereof to the Court.

The New Scheme will be subject to the subsequent sanction of the Court.

Dated 25 October 2012.

Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London EC4Y 1HS  
United Kingdom

*Solicitors for the Company*

Notes:

1. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the New Court Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
2. The statement of the rights of shareholders in relation to the appointment of proxies in this notice does not apply to Nominated Persons. The rights described in this notice can only be exercised by shareholders of the Company.

## PART VIII

### NOTICE OF FURTHER XSTRATA GENERAL MEETING

#### XSTRATA PLC

*(Registered in England and Wales No. 04345939)*

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING ("Further Xstrata General Meeting") of Xstrata plc (the "Company") shall be held at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland on 20 November 2012 at 2.15 p.m. Central European Time ("Central European Time") with a concurrent satellite meeting linked by video conference to the Further Xstrata General Meeting in Zug being held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ at 1.15 p.m. London time (or as soon thereafter as the New Court Meeting (as defined in the document of which this notice forms part, being the "New Scheme Circular") convened for 2.00 p.m. Central European Time (1.00 p.m. London time) on the same day and at the same places has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as a special resolution and resolution 2 will be proposed as an ordinary resolution and each will be taken on a poll. Defined terms in this notice, unless otherwise defined, shall have the meaning given to them in the New Scheme Circular.

#### SPECIAL RESOLUTION

1. **THAT** for the purpose of giving effect to the scheme of arrangement dated 25 October 2012 between the Company and Scheme Shareholders (as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof, in its original form or subject to any modification, addition or condition agreed by the Company and Glencore International plc ("Glencore") and approved or imposed by the Court (the "New Scheme"):

1.1 the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the New Scheme into full effect;

1.2 at the Reorganisation Record Time (as defined in the New Scheme) the Excluded Shares (as defined in the New Scheme) shall be reclassified into A ordinary shares of US\$0.50 each (the "A Shares");

1.3 at the Reorganisation Record Time all Xstrata Shares other than the Excluded Shares (as defined in the New Scheme) shall be reclassified into B ordinary shares of US\$0.50 each (the "B Shares"); and

1.4 with effect from the Reorganisation Record Time the Articles of Association of the Company (the "Articles") shall be amended by the insertion into the Articles of a new Article 7A:

"The A ordinary Shares of US\$0.50 each and the B ordinary Shares of US\$0.50 each shall rank equally as if they were the same class of shares in all respects and the rights attaching to such shares shall be identical, save that upon implementation of the Scheme, each B Share shall confer upon the holder thereof the right to receive 3.05 ordinary shares of US\$0.01 in the capital of Glencore International plc ("New Glencore Shares"), in accordance with and subject to the terms of the Scheme."

**PROVIDED THAT** if the reduction of share capital referred to in paragraph 1.5 below does not become effective by 6.00 p.m. (London time) on the tenth business day following the Reorganisation Record Time, or such earlier or later time and date as the Company and Glencore may agree and the Company may announce through a Regulatory Information Service, the reclassification referred to in paragraphs 1.2 and 1.3 above shall be reversed and the A Shares and the B Shares shall revert to and be classified as ordinary shares of US\$0.50 each in the capital of the Company, and the new Article 7A adopted and included pursuant to paragraph 1.4 shall be deleted from the Articles;

1.5 contingent upon the reclassifications of the Excluded Shares and all Xstrata Shares other than the Excluded Shares referred to in paragraphs 1.2 and 1.3 pursuant to the New Scheme taking effect and the requisite entries having been made in the register of members of the Company, the share capital of the Company be reduced by cancelling and extinguishing all of the B Shares;

1.6 subject to and forthwith upon the reduction of capital referred to in paragraph 1.5 above taking effect and notwithstanding anything to the contrary in the Articles:

- (a) the reserve arising in the books of account of the Company as a result of the said reduction of capital be capitalised and applied in paying up in full at par such number of new ordinary shares of US\$0.50 each in the capital of the Company (the "New Xstrata Shares") each as shall be equal to the number of B Shares cancelled pursuant to paragraph 1.5 above, such New Xstrata Shares to be allotted and issued credited as fully paid to Glencore and/or its nominee(s) in accordance with the New Scheme; and
- (b) the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot the New Xstrata Shares referred to in paragraph (a) above, provided that (1) the maximum aggregate nominal amount of the shares which may be allotted under this authority shall be the aggregate nominal amount of the said New Xstrata Shares created pursuant to paragraph (a) above, (2) this authority shall expire on the fifth anniversary of the date of this resolution, and (3) this authority shall be in addition and without prejudice to any other authority under the said section 551 previously granted and in force on the date on which this resolution is passed;

1.7 one business day following the reduction of capital referred to in paragraph 1.5 above taking effect and notwithstanding anything to the contrary in the Articles:

- (a) the A Shares shall revert to and be reclassified as ordinary shares of US\$0.50 each in the capital of the Company; and
- (b) the Articles shall be amended by the deletion of new Article 7A;

1.8 with effect from the passing of this resolution, the Articles be altered as follows by the adoption and inclusion of the following definitions in Article 2:

immediately before the definition of "seal": "Scheme" means the scheme of arrangement dated 25 October 2012 between the Company and the Scheme Shareholders (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form or subject to any modification, addition or condition agreed by the Company and Glencore International plc ("Glencore") and approved or imposed by the Court;

immediately before the definition of "Act": "A Shares" means A ordinary shares of US\$0.50 each; and

immediately before the definition of "the board": "B Shares" means B ordinary shares of US\$0.50 each; and

1.9 with effect from, and conditional upon, the amendment of the Articles to remove all of the Entrenched Rights (as defined in Article 2 of the Articles), the following new Article 238 shall be adopted and included in these Articles:

#### **"SCHEME OF ARRANGEMENT**

238.1 Expressions defined in the Scheme shall have the same meanings in this Article 238 (save as expressly defined in these Articles).

238.2 Subject to the implementation of the Scheme, if any shares in the Company are issued to any person or his nominee (each a "New Member") after the time at which the adoption and inclusion of this Article 238 becomes effective (the "Post-Scheme Shares") (subject to paragraph (a) below), they shall be immediately transferred to Glencore (or as it may direct) in consideration of the Relevant Consideration (as defined below), provided that:

- (a) any New Member may, prior to the issue of any Post-Scheme Shares to him or her pursuant to the exercise of an option or satisfaction of an award under any of the Xstrata Share Schemes, give not less than five business days' written notice to the Company in such manner as the directors of the Company shall prescribe of his or her intention to transfer some or all of such Post-Scheme Shares to his or her spouse or civil partner. Where a transfer of Post-Scheme Shares to a New Member's spouse or civil partner takes place in accordance with this paragraph (a) of this Article 238.2, references to "New Member" in the preceding paragraphs of this Article shall be taken as referring to the spouse or civil

partner of the New Member. Any such New Member may, if such notice has been validly given, on such Post-Scheme Shares being issued to him or her, immediately transfer to his or her spouse or civil partner any such Post-Scheme Shares, provided that such Post-Scheme Shares shall then be transferred from that spouse or civil partner to Glencore (or as it may direct) pursuant to this Article as if the spouse or civil partner were a New Member. If notice has been validly given pursuant to this Article but the New Member does not immediately transfer to his or her spouse or civil partner the Post-Scheme Shares in respect of which notice was given, such shares shall be transferred to Glencore (or as it may direct) pursuant to this Article;

(b) the Relevant Consideration per share to be allotted or transferred (as the case may be) to a New Member pursuant to this Article 238.2 may be adjusted by the directors of the Company, in such manner as the auditors of the Company may determine, on any reorganisation of or material alteration to the share capital of the Company (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the date on which the adoption and inclusion of this Article 238 becomes effective. References in this Article to ordinary shares shall, following such adjustment, be construed accordingly; and

(c) to give effect to any transfer of Post-Scheme Shares, the Company may appoint any person as attorney for the New Member to transfer the Post-Scheme Shares to Glencore and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Post-Scheme Shares in Glencore or its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as Glencore may direct. If an attorney is so appointed, the New Member shall not thereafter (except to the extent that the attorney failed to act in accordance with the directions of Glencore) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by Glencore. The attorney shall be empowered to execute and deliver as transferor a form of transfer or other such instrument or instruction of transfer on behalf of the New Member (or any subsequent holder) in favour of Glencore and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register Glencore as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member in respect of any Post-Scheme Shares.

238.3 Glencore shall settle or procure the settlement of the consideration due under Article 238.2 by such date as Glencore shall agree with the Company and in any event within ten business days of the issue of the Post-Scheme Shares to the New Member.

238.4 In this Article 238, "Relevant Consideration" means such number of New Glencore Shares for each Post-Scheme Share as the relevant New Member would have been entitled to (ignoring, for the purpose of calculating the Relevant Consideration, any fraction of a New Glencore Share to which the relevant New Member would otherwise have been entitled, which will not be allotted or issued pursuant to this Article 238 and will be disregarded) under the Scheme for the relevant Post-Scheme Shares had they been Scheme Shares (as defined in the Scheme)."



## ORDINARY RESOLUTION

2. **THAT**, subject to and conditional upon the passing of resolution 1 set out in this notice of Further Xstrata General Meeting:

2.1 the Revised Management Incentive Arrangements (as defined in the New Scheme Circular and which are summarised in paragraph 6 of Part I (*Letter from the Chairman of Xstrata*) and paragraph 3 of Part II (*Explanatory Statement*) of the New Scheme Circular) be and are hereby approved and the directors of the Company be and are hereby authorised to do or procure to be done all such acts and things on behalf of the Company as they consider necessary or expedient for the purpose of giving effect to such arrangements; and

2.2 the Revised New Xstrata 2012 Plan, as defined in the New Scheme Circular and the main features of which are summarised in paragraph 1 of Part I (*Letter from the Chairman of Xstrata*), paragraph 2 of Part II (*Supplementary Explanatory Statement*), paragraph 7 of Part IV (*Additional Information*) of the Supplementary Scheme Circular, and paragraph 7 of Part V (*Additional Information*) of the New Scheme Circular and the rules of which will be produced to the Further Xstrata General Meeting and initialled by the Chairman for the purpose of identification, be and is hereby adopted and that the directors of the Company be and are hereby authorised to do or procure to be done all such acts and things on behalf of the Company as they consider necessary or expedient for the purpose of giving effect to the Revised New Xstrata 2012 Plan.

By order of the Board

25 October 2012

Richard Elliston  
Company Secretary  
Xstrata plc

Registered office:

Xstrata plc  
1<sup>st</sup> Floor, Almack House  
26-28 King Street  
London  
SW1Y 6QW

## NOTES TO THE NOTICE OF FURTHER XSTRATA GENERAL MEETING

### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 16 November 2012 or if this meeting is adjourned, at 6.00 p.m. two business days before the date of the adjourned meeting, shall be entitled to attend and, subject to paragraph 2, vote at the meeting. Changes to the register of members after the aforementioned deadline shall be disregarded in determining the rights of any person to vote at the meeting.

2. In order to comply with the requirements of the Panel and Rule 16.2 of the Takeover Code, the Revised Management Incentive Arrangements Resolution (as defined in the New Scheme Circular and proposed as resolution 2 in this notice) will be taken on a poll and only Independent Xstrata Shareholders are permitted to vote thereon. Any vote cast by an Xstrata Shareholder who is not an Independent Xstrata Shareholder, either in person or by proxy, shall not be counted. If you are in any doubt as to whether or not you are permitted to vote on such resolution, please call the shareholder helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0800 279 4113 (free from landlines in the UK), 0800 002 427 (free from landlines in Switzerland), or +44 800 279 4113 (from outside the UK and Switzerland, international rates apply). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Merger.

### Website giving information regarding the meeting

3. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from [www.xstrata.com](http://www.xstrata.com).

### Attending in person

4. Shareholders who wish to attend the meeting in person should note that the Further Xstrata General Meeting will be held at 2.15 p.m. Central European Time on 20 November 2012 (or as soon thereafter as the New Court Meeting (as defined in the document of which this Notice forms part) has concluded or been adjourned) at Theater-Casino Zug, Artherstrasse 2-4, Zug, Switzerland with a concurrent satellite meeting linked by video conference to the Further Xstrata General Meeting in Zug held at Holborn Bars, 138-142 Holborn, London EC1N 2NQ at 1.15 p.m. London time (or as soon thereafter as the Further Court Meeting has concluded or been adjourned). Shareholders who wish to attend in person are asked to please detach and bring with them the attendance card attached to the PINK Further Xstrata General Meeting Form of Proxy to assist in admission to the meeting.

### Appointment of proxies

5. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the meeting and you should have received a PINK proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the PINK proxy form.

6. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated persons"):

- you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the meeting;
- if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
- your main point of contact in terms of your investment in the Company remains the Relevant Member (or, where applicable, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

7. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the PINK proxy form are set out in the notes to the PINK proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

8. You may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, each different proxy appointment form must be received by the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 48 hours (excluding any part of a day that is not a working day) prior to the time appointed for the meeting.

9. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

### **Appointment of proxy using hard copy proxy form**

10. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to the Company's Registrar; and
- received by the Company's Registrar no later than 48 hours (excluding any part of a day that is not a working day) prior to the time appointed for the meeting.

In the case of a member which is a Company, the PINK proxy form must be executed under its common seal or signed on its behalf by an officer of that Company or an attorney for that Company.

Any power of attorney or any other authority under which the PINK proxy form is signed (or a duly certified copy of such power or authority) must be included with the PINK proxy form.

### **Electronic appointment of proxies**

11. As an alternative to completing the hard copy PINK proxy form, you can appoint a proxy electronically by using the share portal service at [www.eproxyappointment.com](http://www.eproxyappointment.com). For an electronic proxy to be valid, your appointment must be received by Computershare Investor Services PLC no later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for holding the Further Xstrata General Meeting.

### **Appointment of proxies through CREST**

12. Xstrata Shareholders who hold Xstrata Shares in uncertificated form (that is, in CREST) and who wish to appoint a proxy or proxies for the Further Xstrata General Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by no later than 48 hours (excluding any part of a day that is not a working day) prior to the Further Xstrata General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Xstrata may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

### **Appointment of proxy by joint members**

13. In the case of joint holders, the signature of any one holder is sufficient to appoint a proxy. If more than one holder lodges a Further Xstrata General Meeting Form of Proxy only that of the holder first named on the Company's Register of Members will be regarded as valid.

### **Changing proxy instructions**

14. Where you have appointed a proxy using the hard PINK proxy form and would like to change the instructions using another hard copy PINK proxy form, please contact the Company's Registrar.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

15. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Computershare Investor Services PLC by no later than three hours before the time appointed for holding the meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

### **Issued shares and total voting rights**

16. As at 23 October 2012, the Company's issued share capital comprised £50,000 plus US\$1,501,346,038.50 divided into 50,000 deferred shares of £1 each, 3,002,692,076 ordinary shares of US\$0.50 each and 1 Special Voting Share of US\$0.50 each, all of which were credited as fully paid. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 23 October 2012 is 3,002,692,076.

### **Questions at the meeting**

17. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

## APPENDIX

### INTERIM MANAGEMENT STATEMENT AND THIRD QUARTER PRODUCTION REPORT OF XSTRATA

"NEWS RELEASE

#### INTERIM MANAGEMENT STATEMENT AND THIRD QUARTER PRODUCTION REPORT

Zug, 17 October 2012

#### Highlights

- Strong thermal coal production during the first nine months of the year resulted in a 13% increase over the same period in 2011. Volumes of zinc and lead in concentrate and zinc metal increased compared to the third quarter last year
- Xstrata Coal settled annual thermal coal contracts from October with Japanese customers at approximately \$97 per tonne
- Ten major projects will commence commissioning on schedule by the end of 2012 across every commodity business, transforming volumes, costs and asset quality. During the third quarter:
  - Xstrata Copper's \$1.47 billion Antapaccay project in southern Peru commenced commissioning on time and on budget. First copper production is expected by the end of October. The operation is scheduled to produce an average of 160,000 tonnes of copper in concentrate per annum over the first five years, with gold and silver by-product credits. In August, we announced an increase to total Mineral Resources by 27% to over 1 billion tonnes at a grade of 0.49% copper using a cut-off grade of 0.15% copper;
  - Ernest Henry Mining commenced processing ore in September from Xstrata Copper's nearby \$308 million (AUD300 million) Mount Margaret mining operation in north-west Queensland, Australia, which will add around 30,000 tonnes of annual copper production;
  - In September, ore production commenced, ahead of schedule, at Xstrata Zinc's \$296 million (AUD303 million) Lady Loretta mine in Queensland, Australia. Full-scale commercial mining will begin in mid-2013, delivering at full production an estimated 1.2 million tonnes of ore per annum;
  - In early October, Xstrata Alloys commissioned the \$90 million Tswelopele pelletizing and sintering plant, on time and on budget. The plant will reach full capacity of around 600,000 tonnes of sintered pellets early in 2013; and
  - At the Koniambo ferronickel project in New Caledonia, the mine, ore preparation plant, overland conveyors and other key utilities were successfully commissioned in the third quarter and are already in operation. The project is on track to start up Line 1 by the end of October, to enable delivery of first ore to the furnace in the fourth quarter.
- Xstrata Zinc announced approval of a Phase 3, \$360 million (AUD360 million) expansion to the McArthur River Mine in Australia, to more than double capacity and produce an average of 380,000 tonnes of zinc from 2014. Advanced processing technology on site will enable MRM to produce a separate zinc concentrate acceptable to all smelters from its bulk zinc-lead concentrate
- Xstrata Copper announced a 20% increase to the Mineral Resource estimate at the El Pachón project in San Juan Province, Argentina to 3.3 billion tonnes at a grade of 0.47% copper, using a cut-off grade of 0.2% copper, including additional silver and molybdenum by-products. Total contained copper metal in Mineral Resources has increased by 16% to 15 million tonnes
- In September, Xstrata Nickel Australasia announced the suspension of operations at Cosmos mine in Western Australia and the initiation of a care and maintenance schedule in response to adverse market conditions, including a prolonged period of low nickel prices and a strong Australian dollar
- 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

- Agreement has been reached between the Glencore directors and Xstrata's independent non-executive directors on the final terms of a revised recommended all-share merger of equals.

---

*Neither the content of the company's website nor the content of any other website accessible from hyperlinks on the company's website is incorporated into, or forms part of, this announcement*

**Xstrata contacts:**

|                      |                            | <i>Investors &amp; analysts</i> |                             |
|----------------------|----------------------------|---------------------------------|-----------------------------|
| <i>Claire Divver</i> |                            | <i>Martin Fewings</i>           |                             |
| <i>Telephone</i>     | <i>+44 20 7968 2871</i>    | <i>Telephone</i>                | <i>+44 20 7968 2893</i>     |
| <i>Mobile</i>        | <i>+44 7785 964340</i>     | <i>Mobile</i>                   | <i>+44 7990 591536</i>      |
| <i>Email</i>         | <i>cdivver@xstrata.com</i> | <i>Email</i>                    | <i>mfewings@xstrata.com</i> |
| <i>Alison Flynn</i>  |                            | <i>Caroline Yates</i>           |                             |
| <i>Telephone</i>     | <i>+44 20 7968 2838</i>    | <i>Telephone</i>                | <i>+44 20 7968 2878</i>     |
| <i>Mobile</i>        | <i>+44 7769 314374</i>     | <i>Mobile</i>                   | <i>+44 7824 826546</i>      |
| <i>Email</i>         | <i>aflynn@xstrata.com</i>  | <i>Email</i>                    | <i>cyates@xstrata.com</i>   |

---

**Notes to editors**

**About Xstrata plc**

We are a major producer of a range of vital commodities used in everything from constructing buildings and delivering electricity, to developing jet engines and mobile phones. We are one of the top five global producers of copper, thermal and metallurgical coal, ferrochrome, zinc and nickel and we also produce silver, lead, platinum, gold, cobalt and vanadium.

Founded in 2002 and headquartered in Switzerland, we operate in over 20 countries and employ over 70,000 people at more than 100 operations and projects around the world. We work in a responsible and sustainable way, with an entrepreneurial spirit and dynamic approach. For more information, visit [www.xstrata.com](http://www.xstrata.com).

**Copper**

Total mined copper production improved for the third consecutive quarter in 2012 as Xstrata Copper continues to transition from older, end-of-life mines to new, lower-cost operations. Third quarter copper production of 187,800 tonnes was 2% higher than the second quarter but 16% lower than the corresponding period of 2011.

Our share of Antamina copper in concentrate production increased by 32% to 41,700 tonnes compared to the same period last year due to improved mill throughput following the successful commissioning of the processing plant's expansion to 130,000 tonnes per day in March, along with slightly improved grades and recoveries. The expanded plant consistently operated at throughput rates above nameplate capacity throughout the third quarter. At Alumbra, higher ore throughput and higher recoveries increased copper production by 9% to 37,800 tonnes compared to the third quarter of 2011 when a geotechnical event restricted access to the pit.

These improvements were offset by planned lower production at Ernest Henry as the operation continues to transition to a 3 million tonne per year underground ramp mine following the completion of larger scale open pit mining operations in 2011. The new underground mine produced 8,900 tonnes in the third quarter as it continues to ramp up, compared to 25,700 tonnes the previous year when the open pit mine was operational. In September, Ernest Henry began processing ore from the new Mount Margaret satellite open pit mine on schedule, which will add around 30,000 tonnes of copper in concentrate annually to its production profile.

A comprehensive business improvement plan initiated by shareholders in July at the Collahuasi joint venture is achieving promising results. Increased equipment availability and loading and hauling productivity improvements are resulting in substantially higher volumes of material and ore mined.



However, planned lower head grades and lower recoveries, together with decreased throughput due to an extended ball mill outage, reduced our share of copper in concentrate production by 44% to 23,700 tonnes compared to the same period last year. As the improvement plan continues and head grades increase, we expect to see increased throughput and higher metallurgical recoveries in the fourth quarter, as we continue to restore production levels above 400,000 tonnes of copper per annum (on a 100% basis) from 2013.

At our Tintaya mine, production was 31% lower compared to the corresponding period in 2011 primarily due to planned lower copper grades in the final phase of mining operations. Mining operations at the nearby new Antapaccay open pit mine continued to advance and we began to commission the Antapaccay processing plant in August. Concentrate production is scheduled to commence by the end of October progressively ramping up over the subsequent months to reach planned average production rates of 160,000 tonnes per annum during 2013.

At our Mount Isa underground mine, copper in concentrate production decreased by 14% compared to the third quarter of 2011 due to localised geotechnical issues that temporarily restricted access to high grade ore zones of the Enterprise mine, and a scheduled concentrator maintenance shutdown in July 2012.

Gold production increased by 11% to 122,700 ounces compared to the previous quarter but was 13% lower than the same period in 2011, primarily due to reduced volumes and grades at Ernest Henry and lower grades at Tintaya. This was partially offset by a 6% increase in production at Alumbraera compared to the third quarter last year from the processing of higher grade material and improved recoveries.

Total mined and third party copper cathode production decreased by 4% compared to the corresponding period of 2011. The lower volumes were due to reduced supply of anodes to the CCR refinery from the Horne smelter as a result of a planned shutdown and lower availability of oxide ores at Tintaya as mining operations near completion. Copper cathode production at Lomas Bayas was in line with the previous year as ore from the new Fortuna de Cobre pit supplemented declining volumes from the Lomas Bayas original pit.

| <b>Production Data</b>   | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>Nine months to 30.09.12</b> | <b>Nine months to 30.09.11</b> |
|--|----------------|----------------|--------------------------------|--------------------------------|
| Total mined copper production (t) (contained metal) . . .                | <b>187,849</b> | 223,606        | <b>542,461</b>                 | 657,652                        |
| Total mined gold production (oz) (contained metal) . . . .               | <b>122,685</b> | 141,411        | <b>319,824</b>                 | 416,576                        |
| Total copper cathode (t) (from mined and third party material) . . . . . | <b>156,864</b> | 163,683        | <b>478,432</b>                 | 477,504                        |
| Average LME copper price (\$/t) . . . . .                                | <b>7,721</b>   | 8,993          | <b>7,962</b>                   | 9,270                          |
| Average LBM gold price (\$/oz) . . . . .                                 | <b>1,652</b>   | 1,706          | <b>1,651</b>                   | 1,531                          |

## Coal

In the third quarter of 2012, our total consolidated coal production was 24 million tonnes, a slight increase on the corresponding period in 2011. Total consolidated production for the first nine months of the year increased by 8% on the same period in 2011, due to increased thermal coal production across every division.

Australian thermal coal production, including semi soft, was 6% or 0.8 million tonnes higher than the same period in 2011, mainly due to the restart of operations at Blakefield South mine in New South Wales. Early stage production tonnes from the Ulan and Ravensworth North open cut projects during the third quarter of 2012 and productivity improvements at Rolleston open cut mine also increased volumes. These increases were partly offset by the end of mine life closure at Westside, Ravensworth West and Baal Bone operations, all of which were still producing in the same period in 2011.

Australian coking coal production was down 0.8 million tonnes or 33% on the third quarter of 2011 mainly due to engineering issues with the new thin seam longwall in operation at Oaky Creek No. 1, which are being resolved by the supplier. In addition, the timing of longwall moves at Oaky Creek North and Tahmoor operations further reduced volumes compared to the same period of 2011.

South African thermal coal production was 0.5 million tonnes or 11% higher than the corresponding period in 2011 due to productivity improvements from the ongoing transition of our South African operations into large scale, low cost open cut operations. In addition, production in the comparable period of 2011 was impacted by industrial action.



Our share of production from the Cerrejón joint venture in Colombia was in line with the corresponding period in 2011.

| <b>Production Data</b>                                   | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>Nine months to 30.09.12</b> | <b>Nine months to 30.09.11</b> |
|--|----------------|----------------|--------------------------------|--------------------------------|
| Total consolidated production (million tonnes) . . . . . | <b>24.0</b>    | 23.6           | <b>67.4</b>                    | 62.1                           |
| Total thermal coal . . . . .                             | <b>21.2</b>    | 20.0           | <b>59.0</b>                    | 52.4                           |
| Australian thermal . . . . .                             | <b>13.5</b>    | 12.7           | <b>35.8</b>                    | 31.6                           |
| South African thermal* . . . . .                         | <b>4.9</b>     | 4.4            | <b>14.3</b>                    | 12.8                           |
| Americas thermal . . . . .                               | <b>2.8</b>     | 2.9            | <b>8.9</b>                     | 8.0                            |
| Total coking coal (Australia) . . . . .                  | <b>1.6</b>     | 2.4            | <b>5.0</b>                     | 5.5                            |
| Total semi-soft coking coal (Australia) . . . . .        | <b>1.2</b>     | 1.2            | <b>3.4</b>                     | 4.2                            |
| Average received export FOB coal price (\$/t)            |                |                |                                |                                |
| Australian thermal . . . . .                             | <b>99.5</b>    | 110.9          | <b>105.4</b>                   | 106.9                          |
| South African thermal . . . . .                          | <b>98.0</b>    | 105.1          | <b>103.3</b>                   | 98.9                           |
| Americas thermal . . . . .                               | <b>86.3</b>    | 102.9          | <b>90.1</b>                    | 102.0                          |
| Australian coking . . . . .                              | <b>210.8</b>   | 285.9          | <b>215.3</b>                   | 269.0                          |
| Australian semi-soft coking . . . . .                    | <b>148.2</b>   | 231.6          | <b>165.3</b>                   | 200.0                          |

\* Mpumalanga is included in 2011 production reporting. Mpumalanga contributed 0.3 million tonnes in Q3 2011 and 0.8 million tonnes for the nine months ended 30.09.11

## Nickel

Total nickel production for the third quarter of 2012 was in line with the prior period. Our total nickel production for the first nine months of the year increased by 2% to 79,474 tonnes compared to the same period last year, driven by a 16% increase in nickel in ferronickel production from Falcondo following the restart of mining activities in February 2011 to 50% of installed capacity.

Mined nickel production from our Integrated Nickel Operations (INO) during the third quarter was lower compared to the previous year, primarily due to the winding down of mining activities at Xstrata Nickel Australasia's Cosmos mine following our decision during the quarter to initiate a care and maintenance schedule in response to adverse market conditions. In Sudbury, mined nickel and copper production were both lower due to a planned 16-day electrical maintenance shutdown. Current run-rates at our Sudbury mines indicate a strong fourth quarter.

Despite the reduction in mined output, nickel in matte production from the Sudbury smelter increased 11% in the third quarter of 2012 compared to the same period last year. This increase was achieved by drawing down existing feed inventory, and acquiring and processing additional third party feed. Copper in matte production from the smelter increased by 2%.

Refined nickel production from our Nikkelverk refinery in Norway remained in line with its nameplate capacity of 92,000 tonnes per year.

| <b>Production Data</b>  | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>Nine months to 30.09.12</b> | <b>Nine months to 30.09.11</b> |
|---|----------------|----------------|--------------------------------|--------------------------------|
| Total mined nickel production (t) (contained metal)—              |                |                |                                |                                |
| INO . . . . .   | <b>12,886</b>  | 15,524         | <b>44,028</b>                  | 46,321                         |
| Total mined copper production (t) (contained metal)—              |                |                |                                |                                |
| INO . . . . .   | <b>10,522</b>  | 12,805         | <b>38,917</b>                  | 39,478                         |
| Total mined cobalt production (t) (contained metal)—              |                |                |                                |                                |
| INO . . . . .   | <b>283</b>     | 262            | <b>917</b>                     | 878                            |
| Total nickel production (t) . . . . .                             | <b>26,691</b>  | 26,738         | <b>79,474</b>                  | 78,174                         |
| —Total refined nickel production (t) . . . . .                    | <b>22,872</b>  | 23,030         | <b>68,351</b>                  | 68,554                         |
| —Total ferronickel production (t) (contained nickel) . . . . .    | <b>3,819</b>   | 3,708          | <b>11,123</b>                  | 9,620                          |
| Average LME nickel price (US\$/t) . . . . .                       | <b>16,317</b>  | 22,043         | <b>17,716</b>                  | 24,348                         |
| Average LME copper price (US\$/t) . . . . .                       | <b>7,721</b>   | 8,993          | <b>7,962</b>                   | 9,270                          |
| Average Metal Bulletin cobalt low grade price (US\$/lb) . . . . . | <b>12.59</b>   | 15.76          | <b>13.47</b>                   | 16.71                          |

## Zinc

Record output at our Mount Isa operation contributed to a 4% increase in zinc in concentrate production volumes in the third quarter of 2012 compared to the same period last year. The higher Australian volumes more than offset lower grades at our Brunswick and Perseverance mines in Canada, where ore reserves approach the end of their lives. Zinc in concentrate production remained at a similar level to that achieved during the first nine months of 2011.

Refined zinc metal production at our smelters was in line with the same period of last year.

Total lead in concentrate production increased by 12% compared to the third quarter of 2011, mainly as a result of record volumes of lead in concentrate at Mount Isa Mines during the period. During the first nine months of the year, lead in concentrate volumes increased by nearly 10%, mainly as a result of improved ore grades at our Australian operations.

Total refined lead metal production was 45% higher than in the same period of 2011, boosted by higher lead production at our Mount Isa operations and improved shipping schedules for lead bullion to our UK lead refinery.

| <u>Production Data</u>                             | <u>Q3 2012</u> | <u>Q3 2011</u> | <u>Nine months to 30.09.12</u> | <u>Nine months to 30.09.11</u> |
|--|----------------|----------------|--------------------------------|--------------------------------|
| Total zinc in concentrate production (t) . . . . . | <b>241,059</b> | 232,315        | <b>737,153</b>                 | 732,452                        |
| Total zinc metal production (t) . . . . .          | <b>181,992</b> | 184,220        | <b>546,824</b>                 | 550,559                        |
| Total lead in concentrate production (t) . . . . . | <b>59,720</b>  | 53,519         | <b>185,349</b>                 | 169,393                        |
| Total lead metal production (t) . . . . .          | <b>54,361</b>  | 37,396         | <b>174,146</b>                 | 145,394                        |
| Average LME zinc price (\$/t) . . . . .            | <b>1,889</b>   | 2,226          | <b>1,946</b>                   | 2,289                          |
| Average LME lead price (\$/t) . . . . .            | <b>1,980</b>   | 2,462          | <b>2,014</b>                   | 2,538                          |

## Alloys

Attributable ferrochrome production of 195,000 tonnes was 5% lower than in the third quarter of 2011, due to furnace refurbishment programmes being extended in response to soft market conditions. Volumes were 15% lower than the first nine months of 2011, mainly due to power buyback deals with Eskom, the South African electricity supplier, to counter electricity shortages.

Ferrochrome producers settled the average European benchmark price for the third quarter at \$1.25 per pound, 7% lower than the second quarter price of \$1.35 per pound. Despite continued high mining inflation and increased standing charges from idled capacity, a weakening South African rand compared to the US dollar will offer some support to margins. The fourth quarter European benchmark price was settled at \$1.10 per pound.

Our Tswelopele pelletizing and sintering plant to reduce operating costs and improve resource efficiency was commissioned in early October, on time and on budget.

PGM volumes were 12% lower than the corresponding period in the prior year mainly as a result of Eland transitioning from an open pit to an underground operation. Our PGM production improved by 6% compared to the second quarter of 2012 as production increased at Eland from the ramp up of underground operations.

Our joint venture Mototolo platinum mine is maintaining steady production volumes of 200,000 ROM tonnes of ore per month.

| <b>Chrome</b>   | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>Nine months to 30.09.12</b> | <b>Nine months to 30.09.11</b> |
|---|----------------|----------------|--------------------------------|--------------------------------|
| Attributable* saleable production (kt) . . . . .                                | <b>195</b>     | 186            | <b>654</b>                     | 767                            |
| Indicative average published price (US¢/lb) ( <i>Metal Bulletin</i> ) . . . . . | <b>125</b>     | 120            | <b>125</b>                     | 127                            |

\* Reflects Xstrata's 79.5% share of the Xstrata-Merafe Chrome Venture

| <b>Platinum Group Metals</b>                            | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>Nine months to 30.09.12</b> | <b>Nine months to 30.09.11</b> |
|---|----------------|----------------|--------------------------------|--------------------------------|
| Consolidated** saleable production (oz)                 |                |                |                                |                                |
| Platinum . . . . .                                      | <b>20,949</b>  | 24,794         | <b>58,815</b>                  | 75,471                         |
| Palladium . . . . .                                     | <b>11,741</b>  | 12,450         | <b>33,184</b>                  | 37,686                         |
| Rhodium . . . . .                                       | <b>3,583</b>   | 4,026          | <b>10,017</b>                  | 12,204                         |
| Average prices (\$/oz)                                  |                |                |                                |                                |
| Average (London Platinum and Palladium Market)          |                |                |                                |                                |
| Platinum price (\$/oz) . . . . .                        | <b>1,495</b>   | 1,773          | <b>1,535</b>                   | 1,783                          |
| Average (London Platinum and Palladium Market)          |                |                |                                |                                |
| Palladium price (\$/oz) . . . . .                       | <b>611</b>     | 754            | <b>641</b>                     | 768                            |
| Average (Johnson Matthey) Rhodium price (\$/oz) . . . . | <b>1,176</b>   | 1,896          | <b>1,321</b>                   | 2,163                          |

\*\* Consolidated 100% of Eland and 50% of Mototolo

Ends"

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)





