# GLENCORE
INTERNATIONAL AG
AND SUBSIDIARIES

Third Quarter
2009

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# Financial highlights

| Three months ended | | | Nine months ended | | US $ million (unaudited) |
|---|---|---|---|---|---|
| September 30, 2009 | June 30, 2009 | March 31, 2009 | September 30, 2009 | September 30, 2008 | |
| 802 | 819 | 623 | 2 244 | 4 587 | Gross income[1] |
| 256 | 23 | 160 | 439 | 1 372 | Share of income from associates[2] |
| 1 059 | 848 | 787 | 2 694 | 6 181 | Segment results[1, 2] |
| 1 079 | 829 | 725 | 2 633 | 5 708 | EBITDA[3] |
| 687 | 677 | 444 | 1 808 | 4 117 | Glencore net income[4] |
| 859 | 857 | 458 | 2 174 | 4 260 | Cash provided by operating activities before working capital changes |
| 809 | 667 | 270 | 1 746 | 3 563 | Funds from operations (FFO)[5] |

| September 30, 2009 | June 30, 2009 | December 31, 2008 | |
|---|---|---|---|
| 62 701 | 61 802 | 61 311 | Total assets |
| 17 076 | 16 561 | 15 405 | Glencore shareholders' funds[6] |
| 19 785 | 19 936 | 18 316 | Gross debt |
| 9 262 | 10 362 | 11 500 | Net debt[7] |
| 7 588 | 6 182 | 5 802 | Net working capital |
| 12 921 | 12 951 | 11 047 | Current capital employed (CCE)[8] |

| September 30, 2009 | June 30, 2009 | December 31, 2008 | |
|---|---|---|---|
| | | | Working capital ratios: |
| 1.29 | 1.22 | 1.19 | Current ratio (times) |
| 1.39 | 1.31 | 1.33 | Adjusted current ratio[9] (times) |
| | | | Equity, gearing and coverage ratios: |
| 35.2 | 38.5 | 42.7 | Net debt to net debt plus Glencore shareholders' funds (%) |
| 0.65 | 0.65 | 0.60 | CCE to gross debt (times) |
| 1.34 | 1.32 | 1.22 | CCE plus listed associates (at carrying value) to gross debt (times) |
| 19.6 | 20.9 | 31.6 | FFO[10] to Net debt[7] (%) – also refer table on page 5 |
| 2.49 | 2.29 | 1.69 | Net debt[7] to EBITDA[3, 10] (times) |
| 5.66 | 5.08 | 8.11 | EBITDA to net interest (times) |

[1] The 2009 figure excludes $ 60 million of exceptional items reported in our first quarter report.

[2] The 2009 figure excludes our share of Xstrata's first half reported exceptional items of $ 94 million.

[3] EBITDA consists of income before interest, tax and other items of $ 1,959 million (2008: $ 5,281 million) plus depreciation and amortization of $ 520 million (2008: $ 427 million) and exceptional items of $ 154 million.

[4] Glencore net income consists of income before attribution of $ 1,720 million (2008: $ 4,203 million) less attribution to non controlling interests of $ 66 million (2008: $ 86 million), plus exceptional items of $ 154 million.

[5] Funds from operations consist of cash provided by operating activities before working capital changes of $ 2,174 million (2008: $ 4,260 million) less tax and net interest payments of $ 466 million (2008: $ 866 million) plus dividends received of $ 38 million (2008: $ 169 million).

[6] Glencore shareholders' funds consist of net assets attributable to profit participation shareholders, non controlling interests and equity holders of $ 18,248 million (2008: $ 16,311 million) less non controlling interests of $ 1,172 million (2008: $ 906 million).

[7] Net debt consists of gross debt less cash and cash equivalents, marketable securities, readily marketable inventories of $ 9,454 million (2008: $ 5,877 million).

[8] Current capital employed is net working capital plus short term debt.

[9] Adjusted current ratio consists of current assets and current liabilities adjusted to exclude the more temporary impact of trade related financial instruments.

[10] 2009 ratio based on last 12 months' FFO and EBITDA.

# Financial review

## Income Statement

Third quarter 2009 Glencore net income was $ 687 million, slightly ahead of the second quarter and up 55% over the first quarter.

The split of aggregate segment results (gross income, share of income from associates and dividend income) between marketing and industrial activities is as follows:

| US $ million | | Marketing Activities | | Industrial Activities | Segment Results |
|---|---|---|---|---|---|
| Q1 2009 | 77% | 605 | 23% | 182 | 787 |
| Q2 2009 | 71% | 605 | 29% | 243 | 848 |
| Q3 2009 | 50% | 532 | 50% | 527 | 1 059 |
| 9 months 2009 | 65% | 1 742 | 35% | 952 | 2 694 |
| 9 months 2008 | 54% | 3 348 | 46% | 2 833 | 6 181 |

The average prices for most of Glencore's key directly and indirectly (via associates) produced commodities were some 50% lower in the first nine months of 2009 compared to the first nine months of 2008, a period largely unaffected by the economic meltdown which took hold shortly thereafter.

2009 quarter on quarter segment results have improved 8% and 25% respectively, primarily driven by the industrial asset activities which benefited from increasing metals prices since April 2009, in particular copper and zinc. Income from marketing activities was fairly stable throughout the year, with third quarter seeing improvement in the metals and minerals segments' profits and volumes, while the energy segment retreated from its strong run-rate seen over the first half of the year. The combination of all the above is strong evidence of the diversification benefits which the Group's product mix and vertically integrated business model provides.

## Cash flows

Cash flows from operating activities before working capital changes amounted to $ 2.2 billion for the first nine months of 2009 ($ 859 million over the third quarter, which was up 31% over the average of the first half). Working capital changes, while negative $ 1.5 billion for the first nine months of 2009, provided cash of $ 86 million during the third quarter. The third quarter working capital release helped contribute to a year to date and quarterly cash inflow from operating activities of $ 185 million and $ 865 million respectively.

Investing activities amounted to a net outflow of $ 769 million over the first nine months of 2009 compared to $ 2.4 billion in the corresponding 2008 period. The net outflow comprises primarily loans extended to our associate Vasilkovskoje Gold (developing Kazakhstan's largest gold mine with commissioning expected Q1 2010) along with continued capital expenditure programs in respect of the new copper smelter at Kazzinc (expected completion H1 2010) and the Colombian coal expansion, offset with the $ 549 million of proceeds received from the sale of our 51% stake in the Cartagena oil refinery.

## Financial position/debt coverage

The current ratio at September 30, 2009, was 1.29 compared with 1.19 at December 31, 2008, while net working capital increased over the nine month period by $ 1.8 billion to $ 7.6 billion. At September 30, 2009, 98% ($ 9.5 billion) of total marketing inventories were contractually sold or hedged (readily marketable inventories), compared to 93% ($ 5.9 billion) at December 31, 2008 and 97% ($ 8.6 billion) at June 30, 2009.

Following strong cash provided by operating activities noted above, gross debt was reduced during the third quarter. Net debt decreased from $ 11.5 billion at December 31, 2008, to $ 9.3 billion at September 30, 2009. Last 12 months' FFO to net debt was 19.6% as at September 30, 2009, compared to 31.6% as at December 31, 2008, however as can be seen in the table below, this ratio shows substantial sequential improvement if we look at recent quarters' performance, thereby providing some indication of the expected future trend.

| | Last 3m annualized | Last 6m annualized | Last 9m annualized | Last 12m |
|---|---|---|---|---|
| FFO to net debt (%) | 34.9 | 31.9 | 25.1 | 19.6 |

Glencore shareholders' funds increased by $ 1.7 billion to $ 17.1 billion during 2009, which together with lower net debt, has resulted in a significantly improved gearing ratio at September 30, 2009.

Non current assets increased by $ 3.7 billion over the first nine months, primarily due to our participation in Xstrata's rights issue of some $ 2 billion in March 2009 and the first time consolidation of Katanga, where we increased our ownership from 8.5% to 77.9% in June 2009, following conversion of a convertible loan and participation in a rights issue. As part of its capital raising, Xstrata acquired Glencore's Colombian Coal Group (Prodeco) for $ 2 billion, while granting Glencore a call option to repurchase Prodeco within 12 months for $ 2.25 billion plus profits reinvested during the option period. Given the repurchase option, the conditions for derecognition/disposal of Prodeco have not been met under IFRS and as a consequence, the assets remain in the consolidated financial statements and the 'proceeds' have been deferred and recognized as a liability. The final accounting treatment will be reflected in the full year audited 2009 Annual Report, as Glencore is expected to have taken a decision on the exercise of this option prior to the release of these accounts.

## Capital resources and financing/liquidity

In September 2009, Glencore successfully refinanced the $ 1.35 billion Xstrata secured bank loan maturing in December 2009, with a new 2 year $ 1.3 billion Xstrata secured bank loan. Glencore maintains adequate liquidity via its cash, committed credit facilities, diversified funding sources and fast turning, very liquid working capital. As at September 30, 2009, Glencore had available cash and undrawn committed credit facilities in excess of $ 4 billion, consistent with its internal target of maintaining at all times a minimum committed available liquidity level of $ 3 billion.

As noted in the tables below, Glencore has no material unsecured obligations falling due in the next two years. Some of our secured funding facilities require extensions/renewals each year, however, these tend to be very routine, given the underlying strong collateral and their modest amounts in the context of our overall balance sheet and funding/liquidity levels.

| Facility/Program<br>US $ million | Initial issue/<br>current rollover | Amount issued or outstanding<br>September 30, 2009 | <br>June 30, 2009 |
|---|---|---|---|
| 2014 144A Notes | 950 | 944 | 944 |
| Xstrata secured bank loans[1] | 2 850 | 2 280 | 2 042 |
| 2011 Eurobonds (Euro 600 million) | 739 | 833 | 799 |
| 2013 Eurobonds (Euro 850 million) | 1 078 | 1 177 | 1 130 |
| 2015 Eurobonds (Euro 750 million) | 1 200 | 1 050 | 1 006 |
| 2019 Sterling Bond (GBP 650 million) | 1 242 | 1 001 | 1 031 |
| Perpetual Notes | 700 | 700 | 700 |
| Purchase of profit participation certificates | 1 949 | 1 949 | 1 984 |
| Committed syndicated revolving credit facilities[2] | 8 995 | 5 460 | 6 122 |
| US commercial paper[3] | 2 500 | 439 | 0 |
| Bilateral committed secured inventory financing facility[4] | 1 000 | 425 | 374 |
| Committed asset backed (receivables) commercial paper program[5] | 1 500 | 1 300 | 900 |
| Unsecured uncommitted bilateral bank credit facilities[6] | 1 400 | 885 | 1 133 |
| Other financings[7] | 1 342 | 1 342 | 1 771 |
| Total | | 19 785 | 19 936 |

| Short term debt commentary<br>US $ million | September 30, 2009 | June 30, 2009 |
|---|---|---|
| Short term committed syndicated revolving credit facilities[2] | 815 | 1 406 |
| US commercial paper[3] | 439 | 0 |
| Bilateral committed secured inventory financing facility[4] | 425 | 374 |
| Committed asset backed (receivables) commercial paper program[5] | 1 300 | 900 |
| Short term Xstrata secured bank loans | 0 | 1 050 |
| Uncommitted bilateral bank credit facilities[6] | 885 | 1 133 |
| Other[7] | 494 | 997 |
| Total | 4 358 | 5 860 |

1 Consisting of two loans maturing in September 2011.

2 Comprises a 364-day $ 815 million tranche, maturing in May 2010, with the option for Glencore to term out until May 2011, and an $ 8.2 billion medium term revolver with $ 0.8 billion maturing in May 2010, $ 0.7 billion maturing in May 2011 and $ 6.7 billion in May 2012.

3 US commercial paper drawn under a $ 2.5 billion A3/P2 rated program. Amounts drawn under this program cannot be drawn under the medium term committed syndicated revolving credit facility.

4 Funding is secured against certain base metal inventories, with committed funding currently in place until December 2009. This facility was refinanced in November 2009 with a new $ 600 million committed 1 year base metals secured borrowing facility.

5 Funded via ABCP issued by 3 Western European banks' multi seller A1+/P1 rated conduits. The programs are structured and rated until 2013, with the backup liquidity facilities provided by the sponsoring banks requiring annual renewal in June 2010.

6 Consisting of numerous credit facilities from a large number of international banks.

7 Debt facilities generally at subsidiary level.

Certain bank debt arrangements require compliance with specific financial covenants related to current ratio and a maximum long term debt to tangible net worth ratio. Significant headroom currently exists under these covenants. None of the credit facilities or funding programs include rating triggers which would accelerate repayment obligations in the event of a credit rating downgrade.

# Consolidated financial statements

## Consolidated statements of income for the nine months ended September 31, 2009 and 2008

| 2009 (unaudited) | 2008 (unaudited) | US $ million |
|---|---|---|
| 75 591 | 136 742 | Revenues |
| – 73 407 | – 132 155 | Cost of goods sold |
| 2 184 | 4 587 | Gross income |
| | | |
| – 581 | – 900 | Selling and administrative expenses |
| 345 | 1 372 | Share of income from associates |
| 11 | 222 | Dividend income |
| 1 959 | 5 281 | Income before interest, tax and other items |
| | | |
| 185 | 226 | Interest income |
| – 650 | – 867 | Interest expense |
| 33 | 77 | Gain/(loss) on sale of investments |
| 213 | – 129 | Changes in mark to market valuation – net |
| 111 | 33 | Other income – net |
| 1 851 | 4 621 | Income before income taxes and attribution |
| | | |
| – 131 | – 418 | Income taxes |
| 1 720 | 4 203 | Income before attribution |
| | | |
| – 108 | – 493 | Attribution to hybrid profit participation shareholders |
| – 307 | – 2 874 | Attribution to ordinary profit participation shareholders |
| 1 305 | 836 | Income for the period |
| | | Attribution to: |
| – 66 | – 86 | Non controlling interests |
| – 1 239 | – 750 | Equity holders |

## Consolidated statements of financial position
## as of September 30, 2009 and December 31, 2008

| 2009 (unaudited) | 2008 (audited) | US $ million<br>Assets |
|---|---|---|
| | | **Non current assets** |
| 7 836 | 6 859 | Property, plant and equipment |
| 15 234 | 13 221 | Investments in associates |
| 3 070 | 2 808 | Other investments |
| 2 247 | 1 826 | Long term advances and loans |
| 127 | 89 | Deferred income taxes |
| 28 514 | 24 803 | Total non current assets |
| | | **Current assets** |
| 11 542 | 7 805 | Inventories |
| 14 279 | 14 002 | Accounts receivable |
| 7 297 | 13 762 | Trade related financial instruments |
| 91 | 113 | Marketable securities |
| 978 | 826 | Cash and cash equivalents |
| 34 187 | 36 508 | Total current assets |
| 62 701 | 61 311 | Total assets |

## Consolidated statements of financial position
as of September 30, 2009 and December 31, 2008

| 2009 (unaudited) | 2008 (audited) | US $ million<br>Liabilities and equity |
|---|---|---|
| | | **Net assets attributable to profit participation shareholders, non controlling interests and equity holders** |
| 46 | 46 | Share capital |
| 4 488 | 2 755 | Reserves and retained earnings |
| 1 172 | 906 | Non controlling interests |
| 5 706 | 3 707 | |
| 1 494 | 1 414 | Hybrid profit participation shareholders |
| 11 048 | 11 190 | Ordinary profit participation shareholders |
| 18 248 | 16 311 | Total net assets attributable to profit participation shareholders, non controlling interests and equity holders |
| | | **Other non current liabilities** |
| 14 452 | 13 071 | Long term debt |
| 653 | 630 | Deferred income taxes |
| 2 749 | 593 | Provisions and other long term liabilities |
| 17 854 | 14 294 | Total other non current liabilities |
| | | **Current liabilities** |
| 975 | 762 | Current portion of long term debt |
| 4 358 | 4 483 | Short term debt |
| 11 684 | 11 614 | Accounts payable |
| 9 283 | 13 591 | Trade related financial instruments |
| 299 | 256 | Income tax payable |
| 26 599 | 30 706 | Total current liabilities |
| 62 701 | 61 311 | Total liabilities and equity |

## Consolidated statements of cash flows for the nine months ended September 30, 2009 and 2008

| 2009 (unaudited) | 2008 (unaudited) | US $ million |
|---|---|---|
| | | **Operating activities** |
| 1 851 | 4 621 | Income before income taxes and attribution |
| | | |
| | | Adjustments to reconcile income before income taxes and attribution to net cash provided/(used) by operating activities |
| 520 | 427 | Depreciation and amortization |
| – 345 | – 1 372 | Share of income from associates |
| 0 | – 16 | Unrealized (gain)/loss on bonds' exchange feature |
| 21 | – 81 | Increase/(decrease) in long term provisions |
| – 33 | – 77 | (Gain)/loss on sale of investments – net |
| – 223 | 146 | Unrealized mark to market movements on other investments |
| – 82 | – 29 | Other non cash items |
| 465 | 641 | Interest expense – net |
| 2 174 | 4 260 | Cash provided by operating activities before working capital changes |
| | | |
| | | Working capital changes |
| 22 | 95 | (Increase)/decrease in marketable securities |
| 6 169 | – 8 845 | (Increase)/decrease in accounts receivable[1] |
| – 3 663 | 681 | (Increase)/decrease in inventories |
| – 4 051 | 6 637 | Increase/(decrease) in accounts payable[1] |
| – 1 523 | – 1 432 | Total working capital changes |
| | | |
| 651 | 2 828 | Cash provided/(used) by operating activities |
| | | |
| – 51 | – 404 | Income taxes paid |
| 132 | 327 | Interest received |
| – 547 | – 789 | Interest paid |
| 185 | 1 962 | Net cash provided/(used) by operating activities |

[1] Includes movements in trade related financial instruments

## Consolidated statements of cash flows for the nine months ended September 30, 2009 and 2008

| 2009 (unaudited) | 2008 (unaudited) | US $ million |
|---|---|---|
| | | **Investing activities** |
| – 423 | – 221 | (Increase)/decrease in long term advances and loans |
| – 70 | – 64 | Net cash used in acquisition of subsidiaries |
| – 196 | – 1 178 | Purchase of investments |
| 569 | 271 | Proceeds from sale of investments |
| – 749 | – 1 464 | Purchase of property, plant and equipment |
| 55 | 21 | Proceeds from sale of property, plant and equipment |
| 7 | 62 | Return of capital |
| 38 | 169 | Dividends received |
| – 769 | – 2 404 | Net cash provided/(used) by investing activities |
| | | **Financing activities** |
| 1 353 | 599 | Net proceeds/(repayment) of short term debt |
| 39 | 3 | Net proceeds/(repayment) of other long term bank debt |
| – 90 | 1 189 | (Repurchase of)/net proceeds from issuance of Euro/Sterling bonds |
| – 564 | – 610 | Payment of profit participation certificates |
| 0 | – 591 | Repurchase of Exchangeable bonds |
| 0 | – 62 | Dividend to minority interest |
| – 2 | – 2 | Dividend |
| 736 | 526 | Net cash provided/(used) by financing activities |
| 152 | 84 | Increase/(decrease) in cash and cash equivalents |
| 826 | 658 | Cash and cash equivalents, beginning of period |
| 978 | 742 | Cash and cash equivalents, end of period |

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