GLENCORE
INTERNATIONAL AG
AND SUBSIDIARIES

Third Quarter 2008

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Financial highlights

Third quarter 2008 compared to third quarter 2007

- **Third quarter Glencore net income (excluding gain on sale of investments) up 26% from $ 1.2 billion in 2007 to $ 1.5 billion in 2008**
- **Nine months Glencore net income (excluding gain on sale of investments) up 6% from $ 3.8 billion in 2007 to $ 4.0 billion in 2008**

- **Third quarter Funds from operations up 2% from $ 1.1 billion in 2007 to $ 1.2 billion in 2008**
- **Nine months Funds from operations up 4% from $ 3.4 billion in 2007 to $ 3.6 billion in 2008**

- **Third quarter EBITDA stable at $ 1.9 billion for 2007 and 2008**
- **Nine months EBITDA stable at $ 5.7 billion for 2007 and 2008**

September 30, 2008 compared to June 30, 2008

- **Funds from operations to Net debt stable at 37%**

- **EBITDA to Net interest up from 8.2 to 8.9 times**

- **Glencore shareholders' funds up 6% from $ 17.8 billion to $ 18.8 billion**

Key figures for the nine months and three months ended September 30, 2008 and 2007

Nine months ended September 30		Three months ended September 30		
2008	2007	2008	2007	US $ million
4 587	4 673	1 495	1 602	Gross income
6 181	6 327	2 047	2 152	Segment results
5 708	5 778	1 915	1 937	EBITDA[1]
4 040	3 823	1 484	1 176	Glencore net income[2], excluding gain on sale of investments
4 117	4 685	1 483	1 179	Glencore net income[2]
4 260	4 559	1 341	1 539	Cash provided by operating activities before working capital changes
3 563	3 427	1 167	1 143	Funds from operations (FFO)[3]

Key figures as of September 30, 2008, June 30, 2008 and December 31, 2007

September 30	June 30	December 31	
2008	2008	2007	US $ million
71 149	78 351	59 955	Total assets
18 838	17 821	15 671	Glencore shareholders' funds[4]
21 755	24 062	20 405	Gross debt
12 146	11 830	10 433	Net debt[5]
15 188	18 785	15 797	Current capital employed (CCE)[6]
8 237	6 617	5 415	Net working capital

Key ratios as of September 30, 2008, June 30, 2008 and December 31, 2007

September 30	June 30	December 31	
2008	2008	2007	
1.23	1.14	1.17	Current ratio (times)
0.70	0.78	0.77	CCE to total debt (times)
1.31	1.26	1.31	CCE plus listed associates (at carrying value) to total debt (times)
8.90	8.19	6.80	EBITDA[1] to net interest (times)
37.1	37.9	41.8	FFO[7] to Net debt (%)
1.58	1.53	1.34	Net debt[5] to EBITDA[1] (times)[7]

1 EBITDA consists of income before interest, tax and other items of $ 5,281 million (2007: $ 5,473 million) plus depreciation and amortization of $ 427 million (2007: $ 305 million).

2 Glencore net income consists of income before attribution of $ 4,203 million (2007: $ 4,928 million) less attribution to minority interest of $ 86 million (2007: $ 243 million).

3 Funds from operations consist of cash provided by operating activities before working capital changes of $ 4,260 million (2007: $ 4,559 million) less tax and net interest payments of $ 866 million (2007: $ 1,243 million) plus dividends received of $ 169 million (2007: $ 111 million).

4 Glencore shareholders' funds consist of net assets attributable to profit participation shareholders, minority interest and equity holders of $ 19,867 million (2007: $ 16,571 million) less minority interest of $ 1,029 million (2007: $ 900 million).

5 Net debt consists of total debt less cash and cash equivalents, marketable securities, readily marketable inventories of $ 8,703 million (2007: $ 8,648 million) and an adjustment of $ 32 million (2007: $ 327 million) to record non US Dollar debt at its historical hedged amounts.

6 Current capital employed is current assets less accounts payable and income tax payable.

7 2008 ratio based on last 12 month's FFO and EBITDA.

Financial review

Income Statement

Third quarter 2008 Glencore net income was $ 1.5 billion, an increase of 26% compared to the prior period quarter of $ 1.2 billion. On a year to date basis, comparisons over the relevant 2007 period were as follows:

- Glencore net income (excluding gains on sale of investments of $ 54 million and $ 862 million respectively) up 6% from $ 3.8 billion to $ 4.0 billion
- EBITDA in line with 2007 at $ 5.7 billion

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

	Sep 2008 Year to Date US $ million		June 2008 Year to Date US $ million	
Marketing activities	3 348	54%	2 141	52%
Industrial activities	2 833	46%	1 993	48%
Segment results	6 181	100%	4 134	100%

Segment results for the third quarter largely tracked the quarterly trend of the 1st half of the year of approximately $ 2 billion per quarter, confirming the strength of the Group's business diversification in times of volatile and challenging markets. Year to date contribution from marketing activities to overall segment results increased modestly from 52% at half year to 54%. Whilst the contribution from the industrial activities during the quarter was impacted by significantly lower metals prices, in particular nickel and zinc, our coal operations reported stronger earnings due to increased production levels and a more buoyant price environment.

Cash flows

Cash flows from operating activities before working capital changes amounted to $ 4.3 billion for the first nine months of 2008, some 6% below the corresponding 2007 period. Change in working capital, while negative $ 1.4 billion for the year, provided cash of $ 1.3 billion during the third quarter, on the back of lower oil and metals prices. The relationship between commodity prices and required levels of working capital investment has been well noted in our previous financial reports. This trend has continued into the fourth quarter, which, provided prices remain or fall below current levels, should see releases of working capital in excess of third quarter levels. The third quarter working capital release helped contribute to a year to date and quarterly cash inflow from operating activities of $ 2.0 billion and $ 2.4 billion respectively.

Investing activities amounted to a net outflow of $ 2.4 billion over the first nine months of 2008 and $ 0.7 billion during the third quarter, the latter comprising primarily organic capital expenditure expansion / improvement projects discussed in previous financial reports, the most noteworthy being our sizeable Colombian coal expansion and the building of a new copper smelter at Kazzinc. As noted in our last interim report, we expect 2008 capital expenditure in our existing industrial portfolio to be the peak investment year, moderating significantly in 2009 and thereafter.

Balance sheet / debt coverage

As at June 30, 2008, $ 4.3 billion drawn under our May 2011 3-year revolver was reported as short term debt. As described in note 12 of our half year interim report, these bank loans are fully committed for the medium term, and where funds were applied to non current assets, a long term accounting treatment was adopted, whilst revolving drawdowns to fund working capital, were classified as short term debt. As at September 30, 2008, $ 1.3 billion of debt drawn under the medium term revolver was recorded as short term (also refer to the detailed analysis of debt balances and liquidity below).

The current ratio at September 30, 2008, was 1.23 compared with 1.17 at December 31, 2007 and 1.14 at June 30, 2008, while net working capital stood at $ 8.2 billion. At September 30, 2008, 90% ($ 8.7 billion) of total marketing inventories were contractually sold or hedged (readily marketable inventories), compared to 84% ($ 8.6 billion) at December 31, 2007 and 89% at June 30, 2008. The quarterly increase in investment in associates is largely attributable to the unwinding of the Century Aluminum hedges as discussed in our last interim report, where consideration to Glencore was mainly effected by the issuance of preferred shares.

On the back of the strong cash provided by operating activities noted above, gross debt was reduced by $ 2.3 billion during the third quarter. Net debt, after reduction of readily marketable inventories, was stable at approximately $ 12 billion at September 30, 2008, compared to June 30, 2008. Last 12 months FFO to net debt was stable at 37.1% at September 30, 2008, compared to June 30, 2008, while EBITDA to net interest coverage increased from 8.2 to 8.9 over the same period.

Glencore shareholders' funds increased by $ 3.2 billion (20%) to $ 18.8 billion, compared to December 31, 2007.

Capital resources and financing / liquidity

Glencore maintains adequate liquidity via its cash, committed credit facilities, diversified funding sources and fast turning, very liquid working capital. As at September 30, 2008, Glencore had available cash and undrawn committed credit facilities in excess of $ 3 billion, consistent with its recently raised internal target of maintaining at all times a minimum committed available liquidity level of $ 3 billion, against the previous $ 2 billion. Glencore believes this more prudent target is appropriate in the current environment of heightened liquidity scrutiny and reflects the Company's conservative approach with regard to managing its balance sheet, liquidity profile and debt maturities.

We wish to highlight, as clearly set out below, that Glencore has no material unsecured obligations falling due in the next 18 months. Some of our secured funding facilities will require extensions / renewals from June next year, however, we feel very confident in this regard, given the underlying strong collateral and the modest amounts in the context of our overall balance sheet and funding / liquidity levels.

The following facilities and funding programs are currently in place:

Facility/Program US $ million	Initial issue / current rollover	Amount issued or outstanding September 30, 2008	June 30, 2008
2014 144A Notes	950	943	943
2010 Exchangeable bonds	800	0	36
Xstrata secured bank loans[1]	2 850	2 850	3 150
2011 Eurobonds (Euro 600 million)	739	844	945
2013 Eurobonds (Euro 850 million)	1 078	1 195	1 338
2015 Eurobonds (Euro 750 million)	1 200	1 055	1 181
2019 Sterling Bond (GBP 650 million)	1 242	1 138	1 271
Perpetual Notes	700	700	700
Purchase of profit participation certificates	2 020	2 020	2 100
Committed syndicated revolving credit facilities[2]	9 135	6 725	7 725
Bilateral committed secured inventory financing facility[3]	1 000	580	703
Committed asset backed (receivables) commercial paper program[4]	2 000	2 000	2 000
Unsecured uncommitted bilateral bank credit facilities[5]	1 458	785	1 075
Other financings	920	920	895
Total		21 755	24 062

Short term debt reconciliation US $ million	September 30, 2008	June 30, 2008
Short term committed syndicated revolving credit facilities	2 225[6]	5 225
Committed asset backed (receivables) commercial paper program	2 000	2 000
Short term Xstrata secured bank loans	0	1 800
Bilateral committed secured inventory financing facility	580[7]	703
Other	1 419	1 684
Total	6 224	11 412

1 Consisting of a 3 year $ 1.35 billion loan, maturing in December 2009, and a 3 year $ 1.5 billion loan maturing in September 2011. In early October, we repaid $ 500 million of the latter, such that $ 1 billion now remains outstanding, whilst retaining the option to redraw back to $ 1.5 billion at any time prior to maturity, and in early November, $ 450 million of the $ 1.35 billion loan maturing in December 2009 was repaid, also retaining the option for the loan to be redrawn back up to $ 1.35 billion. Such repayments took place while still maintaining the abovementioned $ 3 billion liquidity target. Accordingly the aggregate loans outstanding currently amount to $ 1.9 billion.

2 Comprises a 364-day $ 925 million tranche, maturing in May 2009, with the option for Glencore to term out until May 2010, and an $ 8.2 billion medium term revolver with $ 0.8 billion maturing in May 2010 and $ 7.4 billion in May 2011.

3 Funding is secured against certain base metal inventories, with committed funding currently in place until December 2009.

4 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 2009.

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

6 $ 925 million drawn under the 364 day facility, with the balance drawn under the 3 year facility.

7 Accounted for as short term debt, but maturing in December 2009.

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
(unaudited)

Nine months ended September 30 2008	Nine months ended September 30 2007	Three months ended September 30 2008	Three months ended September 30 2007	US $ million
136 742	103 581	50 567	36 949	Revenues
– 132 155	– 98 908	– 49 072	– 35 347	Cost of goods sold
4 587	4 673	1 495	1 602	Gross income
– 900	– 854	– 290	– 325	Selling and administrative expenses
1 372	1 336	472	425	Share of income from associates
222	318	80	125	Dividend income
5 281	5 473	1 757	1 827	Income before interest, tax and other items
226	97	40	49	Interest income
– 867	– 940	– 218	– 332	Interest expense
77	862	– 1	3	Gain/(loss) on sale of investments
– 129	– 104	44	– 165	Changes in mark to market valuation – net
33	66	– 26	23	Other income/(expense) – net
4 621	5 454	1 596	1 405	Income before income taxes and attribution
– 418	– 526	– 112	– 166	Income taxes
4 203	4 928	1 484	1 239	Income before attribution
– 493	– 544	– 165	– 137	Attribution to hybrid profit participation shareholders
– 2 874	– 3 187	– 918	– 765	Attribution to ordinary profit participation shareholders
836	1 197	401	337	Income for the period
				Attribution to:
– 86	– 243	– 1	– 60	Minority interest
– 750	– 954	– 400	– 277	Equity holders

Consolidated statements of cash flows (unaudited)

Nine months ended September 30		Three months ended September 30		
2008	2007	2008	2007	US $ million
				Operating activities
4 621	5 454	1 596	1 405	Income before income taxes and attribution
				Adjustments to reconcile income before income taxes and attribution to net cash provided/(used) by operating activities
427	305	158	110	Depreciation and amortization
– 1 372	– 1 336	– 472	– 425	Share of income from associates
– 16	196	– 94	85	Unrealized (gain)/loss on bonds' exchange feature
– 81	3	– 36	– 8	Increase/(decrease) in long term provisions
– 77	– 862	1	– 3	(Gain)/loss on sale of investments – net
146	– 136	54	36	Unrealized mark to market movements on other investments
– 29	92	– 44	56	Other non cash items
641	843	178	283	Interest expense – net
4 260	4 559	1 341	1 539	Cash provided by operating activities before working capital changes
				Working capital changes
95	– 10	102	3	(Increase)/decrease in marketable securities
– 8 845	– 3 834	4 749	– 2 253	(Increase)/decrease in accounts receivable
681	– 1 616	2 506	– 996	(Increase)/decrease in inventories
6 637	3 570	– 6 101	2 552	Increase/(decrease) in accounts payable
– 1 432	– 1 890	1 256	– 694	Total working capital changes
2 828	2 669	2 597	845	Cash provided/(used) by operating activities
– 404	– 553	– 44	– 163	Income taxes paid
327	63	141	20	Interest received
– 789	– 753	– 311	– 253	Interest paid
1 962	1 426	2 383	449	Net cash provided/(used) by operating activities

Consolidated statements of cash flows (unaudited)

Nine months ended September 30 2008	Nine months ended September 30 2007	Three months ended September 30 2008	Three months ended September 30 2007	US $ million
				Investing activities
– 221	– 426	– 91	– 391	(Increase)/decrease in long term advances and loans
– 64	– 132	– 24	– 2	Net cash used in acquisition of subsidiaries
– 1 178	– 994	– 177	35	Purchase of investments
– 1 464	– 1 182	– 509	– 566	Purchase of property, plant and equipment
21	19	9	8	Proceeds from sale of property, plant and equipment
271	0	0	0	Proceeds from sale of investments
62	0	0	0	Return of capital
169	111	40	0	Dividends received
– 2 404	– 2 604	– 752	– 916	Net cash provided/(used) by investing activities
				Financing activities
599	1 886	– 1 689	1 159	Net proceeds/(repayment) of short term debt[1]
3	– 35	8	– 25	Net proceeds/(repayment) of other long term bank debt
1 189	1 242	0	0	Net proceeds from issuance of Euro/Sterling bonds
– 610	– 455	– 223	– 161	Payment of profit participation certificates
0	– 505	0	– 505	Repayment of senior notes
– 591	– 880	– 122	– 6	Redemption/repayment of Exchangeable bonds
– 62	– 135	0	– 54	Dividend to minority interest
– 2	– 2	0	0	Dividend
526	1 116	– 2 026	408	Net cash provided /(used) by financing activities
84	– 62	– 395	– 59	Increase/(decrease) in cash and cash equivalents
658	796	1 137	793	Cash and cash equivalents, beginning of period
742	734	742	734	Cash and cash equivalents, end of period

[1] 2008 amount includes a portion of the committed revolving credit facility recorded as non current

Consolidated balance sheets
as of September 30, 2008 and December 31, 2007

2008 (unaudited)	2007 (audited)	US $ million Assets
		Non current assets
6 835	5 742	Property, plant and equipment
15 313	11 822	Investments in associates
3 297	3 611	Other investments
2 102	1 730	Long term advances and loans
85	168	Deferred income taxes
27 632	23 073	Total non current assets
		Current assets
11 584	12 212	Inventories
30 995	23 673	Accounts receivable
196	339	Marketable securities
742	658	Cash and cash equivalents
43 517	36 882	Total current assets
71 149	59 955	Total assets

2008 (unaudited)	2007 (audited)	US $ million Liabilities and equity
		Net assets attributable to profit participation shareholders, minority interest and equity holders
46	46	Share capital
3 283	2 901	Reserves and retained earnings
1 029	900	Minority interest
4 358	3 847	
1 813	1 320	Hybrid profit participation shareholders
13 696	11 404	Ordinary profit participation shareholders
19 867	16 571	Total net assets attributable to profit participation shareholders, minority interest and equity holders
		Other non current liabilities
14 804	10 023	Long term debt
571	687	Deferred income taxes
627	1 207	Provisions and other long term liabilities
16 002	11 917	Total other non current liabilities
		Current liabilities
727	758	Current portion of long term debt
6 224	9 624	Short term debt
27 952	20 760	Accounts payable
377	325	Income tax payable
35 280	31 467	Total current liabilities
71 149	59 955	Total liabilities and equity

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