



Glencore Capital Ltd.

(incorporated in Bermuda)

Glencore Finance (Europe) S.A.

(incorporated in Luxembourg)

guaranteed on a joint and several basis by

GLENCORE
INTERNATIONAL AG

(incorporated in Switzerland)

and

Glencore AG

(incorporated in Switzerland)

US\$ 5,000,000,000
Euro Medium Term Note Programme

Arranger

Barclays Capital

Dealers

ABN AMRO
BNP PARIBAS
Credit Suisse

Barclays Capital
Citigroup
Deutsche Bank

JPMorgan

Under this US\$ 5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Glencore Capital Ltd. and Glencore Finance (Europe) S.A. (each an "**Issuer**" and together, the "**Issuers**") may from time to time issue notes (the "**Notes**") unconditionally (subject, in the case of Glencore AG, to applicable Swiss law) and irrevocably guaranteed on a joint and several basis by Glencore International AG and Glencore AG (each a "**Guarantor**" and together, the "**Guarantors**") and denominated in any currency agreed between the Issuers, the Guarantors and the relevant Dealer (as defined below).

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed US\$ 5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealership Agreement (as defined under "**Subscription and Sale**")). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement as defined under "Subscription and Sale".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "**General Description of the Programme**" and any additional Dealer appointed under the Programme from time to time by the relevant Issuer and each Guarantor (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in relation to an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to the lead manager of such issue and, in relation to an issue of Notes subscribed by one Dealer, be to such Dealer.

Application has been made for Notes issued under the Programme for the period of 12 months after the publication of this Base Prospectus to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange's Regulated Market**"). References in the Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed on the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Regulated Market. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of the Directive 2004/39/EC on Markets in Financial Instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities as may be agreed with the relevant Issuer. Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "**Terms and Conditions of the Notes**") of Notes will be set out in the applicable final terms (the "**Final Terms**") which, with respect to the Notes to be listed and admitted to trading on the Luxembourg Stock Exchange Regulated Market, will be filed with the Luxembourg Stock Exchange.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC), the minimum denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This document comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to each Issuer and each Guarantor and their consolidated subsidiaries taken as a whole (together, the "**Group**"), which, according to the particular nature of each Issuer and each Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the liabilities, financial position, profit and losses and prospects of the relevant Issuer. This document comprises two base prospectuses in respect of Glencore Capital Ltd. and Glencore Finance (Europe) S.A. and for that purpose, this whole document would be referred to as the "**Base Prospectus**". This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") which is the Luxembourg competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof.

Prospective investors should have regard to the factors described under the section headed "**Risk Factors**" in this Base Prospectus.

The Programme is, as of the date of this Base Prospectus, rated Baa3 in respect of Notes with a maturity of more than one year and Prime-3 in respect of Notes with a maturity of one year or less by Moody's and BBB- in respect of Notes with a maturity of more than one year and A3 in respect of Notes with a maturity of one year or less by S&P.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to

buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

This document should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms.

Each Issuer and each Guarantor has confirmed to the Dealers named under “**Subscription and Sale**” below that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme, the issue and offering of the Notes and the guarantee of the Notes) material; that such information is true, accurate and complete in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made, are based on reasonable assumptions and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering of the Notes and the guarantee of the Notes) not misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

Market, economic and industry data used throughout this document is derived from various industry, corporate and other independent sources (these include the publicly available annual reports of key industry participants such as Alcoa Inc., BHP Billiton Plc, Xstrata Plc, Anglo American Plc, Rio Tinto Plc, Alcan Inc., Zinifex Ltd., Korea Zinc Co., Ltd., Teck Cominco Limited, as well as reports from independent entities such as CRU, Brook Hunt, the International Energy Agency, and the American Petroleum Institute).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by either Issuer or either Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by any of the Issuers, the Trustee, the Guarantors or the Dealers.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the Condition (financial or otherwise) of either Issuer or either Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by each Issuer, each Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “**Subscription and Sale**”. In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for any Notes and should not be considered as a recommendation by the Issuers, the Guarantors, the Trustee, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the Condition (financial or otherwise) of the relevant Issuer and the Guarantors.

The relevant Issuer and the Guarantors may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on and admitted to trading on the Luxembourg Stock Exchange’s Regulated Market) a supplementary Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

In this Base Prospectus, unless otherwise specified, references to “**US**” and “**United States**” are to the United States of America, references to “**US\$**”, “**U.S. dollars**”, “**dollars**”, “**U.S. Dollars**” and “**United States Dollars**” are to United States dollars, references to “**EUR**” or “**euro**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as subsequently amended, references to “**sterling**”, “**Pound**

“Sterling” and **“£”** are to the lawful currency of the United Kingdom and references to **“Swiss Francs”**, **“CHF”** and **“SFR”** are to the lawful currency of Switzerland.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the Luxembourg Stock Exchange’s Regulated Market, the aggregate principal amount of Notes allotted does not exceed 105% of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

RESPONSIBILITY STATEMENT

Each Issuer and each Guarantor accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

CONTENTS

Clause	Page
General Description of the Programme	7
Risk Factors	10
Information Incorporated by Reference	15
Supplement to the Base Prospectus	17
Forms of the Notes	18
Terms and Conditions of the Notes.....	20
Form of Final Terms	40
Summary of Provisions Relating to the Notes While in Global Form	49
Description of Glencore Capital Ltd	51
Description of Glencore Finance (Europe) S.A.....	53
Description of Glencore International AG	55
Description of Glencore AG	73
Subscription and Sale	74
Taxation	77
General Information	79
Appendix 1 – Summary of Certain Differences between International Financial Reporting Standards and Swiss Generally Accepted Accounting Principles	82

GENERAL DESCRIPTION OF THE PROGRAMME

The following summary of key features of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in “**Forms of the Notes**” or “**Terms and Conditions of the Notes**” below shall have the same meanings in this summary of key features of the Programme.

Issuers:	Glencore Capital Ltd. Glencore Finance (Europe) S.A.
Guarantors:	Glencore International AG and Glencore AG, pursuant to a guarantee agreement dated 8 August 2006 (the “ Guarantee Agreement ”).
Arranger:	Barclays Bank PLC
Dealers:	ABN AMRO Bank N.V., Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd. and any other Dealer appointed from time to time by the Issuers and the Guarantors generally in respect of the Programme or by the relevant Issuer and the Guarantors in relation to a particular Tranche of Notes.
Principal Paying Agent:	Deutsche Bank AG, London Branch.
Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A.
Trustee:	Deutsche Trustee Company Limited, pursuant to an amended and restated trust deed dated 8 August 2006 (the “ Trust Deed ”) copies of which will be available for inspection (during normal office hours) at the specified office of the Principal Paying Agent.
Admission to trading:	Each Series may be admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the relevant Issuer and the relevant Dealer and specified in the relevant Final Terms or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.
Clearing Systems:	Euroclear Bank S.A./N.V., (“ Euroclear ”) and/or Clearstream Banking, société anonyme, Luxembourg (“ Clearstream, Luxembourg ”) and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Programme Amount:	Up to US\$ 5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Final Terms:	Each Tranche will be the subject of a Final Terms which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes described herein as supplemented, amended and/or replaced by the relevant Final Terms.
Forms of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Currencies:	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes:	Notes will be issued on an unsubordinated basis.
Status of the Guarantee:	Notes will be unconditionally (subject, in the case of Glencore AG, to applicable Swiss law) and irrevocably guaranteed (on a joint and several basis) by each of the Guarantors on an unsubordinated basis. (See also " Description of Glencore AG " section below).
Issue Price:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms.
Maturities:	<p>Any maturity subject to such minimum or maximum maturities as may be required for compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Where Notes have a maturity of less than one year and either: (a) the issue proceeds are received by the relevant Issuer in the United Kingdom; or (b) the activity of issuing the Notes is carried on from an establishment maintained by the relevant Issuer in the United Kingdom, such Notes must: (i) have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the <i>Financial Services and Markets Act 2000</i> (the "FSMA") by the relevant Issuer.</p>
Redemption:	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Except as described in " Optional Redemption " above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (<i>Redemption and Purchase – Redemption for tax reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations. Notes which have a maturity of less than one year will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 (<i>Negative Pledge</i>).
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 13 (<i>Events of Default</i>), which will extend to Financial Indebtedness of the relevant Issuer, each of the Guarantors and any Material Subsidiary (other than Excluded Financial Indebtedness and Limited Recourse Indebtedness) and subject to a threshold of US\$ 50,000,000 as further described in Condition 13 (<i>Events of Default</i>).
Taxation:	All payments in respect of the Notes and under the Guarantee Agreement will be made free and clear of withholding taxes imposed by, in the case of Notes issued by Glencore Capital Ltd., Bermuda and Switzerland, and in the case of Notes issued by Glencore Finance (Europe) S.A., Luxembourg and Switzerland, unless such withholding is required by law. In that event, the relevant Issuer and each of the Guarantors will

(subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Governing Law: English law, except that the Guarantee Agreement will be governed by, and construed in accordance with, the laws of Switzerland. The provisions of Articles 86 to 94.8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, are excluded.

Ratings: The Programme is, as of the date of this Base Prospectus, rated Baa3 in respect of Notes with a maturity of more than one year and Prime-3 in respect of Notes with a maturity of one year or less by Moody's and BBB- in respect of Notes with a maturity of more than one year and A3 in respect of Notes with a maturity of one year or less by S&P.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Bermuda, Luxembourg and Japan see "**Subscription and Sale**" below.

RISK FACTORS

Prospective investors should read and carefully consider the following risk factors and other information in this Base Prospectus before deciding to invest in the Notes. Additional risks not currently known to the Issuers or the Guarantors or that they now deem immaterial may also adversely affect the Issuers or the Guarantors or affect an investment in the Notes.

Factors relating to Glencore Capital Ltd.

Glencore Capital Ltd. is a finance vehicle.

Glencore Capital Ltd.'s primary business is the raising of money for the purpose of on-lending to other members of the Glencore Group. Accordingly, substantially all Glencore Capital Ltd.'s assets are loans and advances made to other members of the Glencore Group and the ability of Glencore Capital Ltd. to satisfy its obligations in respect of the Notes will depend upon payments made to it by other members of the Glencore Group in respect of loans and advances made by Glencore Capital Ltd.

Factors relating to Glencore Finance (Europe) S.A.

Glencore Finance (Europe) S.A. is a finance vehicle.

Glencore Finance (Europe) S.A.'s primary business is the raising of money for the purpose of on-lending to other members of the Glencore Group. Accordingly, substantially all Glencore Finance (Europe) S.A.'s assets are loans and advances made to other members of the Glencore Group and the ability of Glencore Finance (Europe) S.A. to satisfy its obligations in respect of the Notes will depend upon payments made to it by other members of the Glencore Group in respect of loans and advances made by Glencore Finance (Europe) S.A.

Factors relating to Glencore International AG

Factors affecting markets for commodities

Glencore International AG's primary source of earnings is the sale and physical delivery of commodities. Some of Glencore International AG's customers operate in industries that are highly cyclical. Demand for particular commodities that it directly or indirectly produces, purchases, sells and delivers may decrease during downturns in any related industry and, consequently, the volumes of such commodities and the earnings generated therefrom may be adversely affected. Also, certain commodities that it directly or indirectly produces or markets have shown historical patterns of cyclicity in prices which typically have been influenced by the general economic environment and by industry capacity and demand. The volume of agricultural commodities it directly or indirectly produces, purchases, sells and delivers and related earnings may be affected adversely by global and regional weather conditions. Although Glencore International AG believes that price movements on either the supply side or the demand side of Glencore International AG's physical marketing business are generally offset by like movements on the opposite side, such price movements also may affect the volumes of the commodities marketed by Glencore International AG, directly or indirectly, and, therefore, earnings generated therefrom. There can be no assurance that volumes of commodities produced and marketed by Glencore International AG, directly or indirectly, will not decline in the future, adversely affecting its financial results.

Although the range of commodities produced and marketed by Glencore International AG or its subsidiaries and the geographic regions in which it directly or indirectly operates are widely diversified, and Glencore International AG believes that a reduction in demand for any particular commodity or an economic downturn in any particular region would not have a significant adverse effect on its financial results, the volumes of commodities produced, purchased and sold by Glencore International AG or its subsidiaries are subject to the general worldwide economic environment, and any downturn in the global economy or in regions material to it could adversely affect Glencore International AG's operations.

Glencore International AG along with its subsidiaries operate under policies which are intended to minimise the risk deriving from commodity price fluctuations. A substantial portion of Glencore International AG's inventory (which is primarily material in transit) is, at any given time, under contract for sale at a pre-determined price or hedged through futures and options transactions on commodity exchanges or with highly rated counterparties. In the event of disruptions in the commodity exchanges on which it directly or indirectly engages in hedging transactions, Glencore International AG's ability to manage commodity price risk may be adversely affected. Also, in the event of price movements against open positions in a commodity in which it is not fully hedged, Glencore International AG's results of operations may be adversely impacted.

Commercial and political risk

Glencore International AG's business is subject to commercial and political risks which may affect transactions with particular counterparties or transactions in particular regions of the world.

The commercial risks to which its directly and indirectly held operations may be subject include counterparty risk, such as failure of performance by suppliers and failure of payment by its customers. Glencore International AG along with its subsidiaries seek to reduce the risk of supplier non-performance by requiring

credit support from creditworthy financial institutions where appropriate, particularly in transactions involving financing extended to its suppliers. Glencore International AG along with its subsidiaries reduce the risk of non-payment by purchasers of commodities by imposing limits on open accounts extended to creditworthy customers and imposing credit support requirements for other customers. Nonetheless, no assurance can be given that its financial results would not, in certain circumstances, be adversely affected by the failure of a counterparty to fulfil its contractual obligations.

Glencore International AG along with its subsidiaries operate worldwide, including in regions of the world and countries which are subject to political risks. Government actions, such as the imposition of currency controls, moratoriums and expropriations, could prevent a counterparty from performing an obligation owed to Glencore International AG or its subsidiaries. Glencore International AG's directly or indirectly owned industrial assets may be subject to damage, destruction or loss in the event of civil unrest or expropriation. Glencore International AG along with its subsidiaries manage the exposure to political risk directly through obtaining political risk insurance and credit support from creditworthy financial institutions when there is the belief that obtaining such insurance or credit support is prudent, and indirectly through geographic diversification of commodities and operations. Nonetheless, no assurance can be given that its financial results would not, in certain circumstances, be adversely affected by political acts or instability.

Loss and third-party liability

Glencore International AG's operations include direct or indirect investments in industrial assets, such as smelting, refining, mining and processing operations. Transport disruption, weather and natural disasters such as hurricanes and flooding, unexpected maintenance problems, collapse or damage to mines, unexpected geological variations, labour disruptions and changes in laws and regulations relating to occupational safety, health and environmental matters are some of the factors that may adversely affect Glencore International AG's profitability. These factors can affect costs at particular industrial assets for varying periods. In addition, smelting, refining, mining and processing operations also rely on key inputs, such as labour, fuel and electricity. Disruption to the supply of key inputs, or changes in their pricing, may have a significant adverse impact on its future earnings.

Glencore International AG's direct or indirect marketing operations entail shipments of commodities, including oil and oil products, in large quantities, often by ocean-going transport. Such operations may be subject to risks of environmental liability, loss and third-party liability which arise from the activities involved.

Glencore International AG along with its subsidiaries utilise a broad insurance programme providing coverage for operations at a level believed to be appropriate for the risks associated therewith. Such insurance protection is maintained with leading international insurance markets and includes coverage for physical loss and damage, as well as third-party liability. However, insurance is not commercially available to cover all potential risks and no assurance can be given that, where available, such coverage would be sufficient to cover all loss and liability to which Glencore International AG and its subsidiaries may be exposed.

Access to capital

Glencore International AG's operations employ significant amounts of capital. Continued access to such capital is critical to maintaining its customary level of activity. A significant portion of its debt is short-term in nature. Glencore International AG's short-term debt generally finances its current assets, which are comprised of inventories, trade receivables and advances and are either self-liquidating or otherwise subject to a high rate of turnover. In the event that, as a result of events relating to its business or to the credit markets generally, its access to such short-term capital were to be restricted, its volumes may be adversely affected.

Currency and exchange rate fluctuations

Glencore International AG's functional currency is the U.S. dollar, as the vast majority of its purchase and sale transactions are denominated in U.S. dollars. In transactions denominated in currencies other than the U.S. dollar, it generally hedges the specific future commitment through a forward exchange contract. Nevertheless, some of its operating expenses are denominated in the local currencies in which its offices or directly and indirectly held industrial assets are located. Glencore International AG's largest non-dollar expenses related to its office network are denominated in the Euro ("€"), the Pound Sterling ("£") and the Swiss Franc ("CHF"). Its largest non-U.S. Dollar denominated operating costs related to its directly and indirectly held industrial operations are in Euro and Australian Dollars ("A\$"). A rapid depreciation in the value of the U.S. dollar against these currencies will therefore result in an increase in the cost of these operations in U.S. dollar terms and could adversely affect its results if not fully hedged.

Factors relating to Glencore AG

Factors affecting markets for commodities

Glencore AG's primary source of earnings is the sale and physical delivery of commodities. Some of Glencore AG's customers operate in industries that are highly cyclical. Demand for particular commodities that it directly or indirectly produces, purchases, sells and delivers may decrease during downturns in any related industry and, consequently, the volumes of such commodities and the earnings generated therefrom may be

adversely affected. Also, certain commodities that it directly or indirectly produces or markets have shown historical patterns of cyclicalities in prices which typically have been influenced by the general economic environment and by industry capacity and demand. The volume of agricultural commodities it directly or indirectly produces, purchases, sells and delivers and related earnings may be affected adversely by global and regional weather conditions. Although Glencore AG believes that price movements on either the supply side or the demand side of Glencore AG's physical marketing business are generally offset by like movements on the opposite side, such price movements also may affect the volumes of the commodities marketed by Glencore AG, directly or indirectly, and, therefore, earnings generated therefrom. There can be no assurance that volumes of commodities produced and marketed by Glencore AG, directly or indirectly, will not decline in the future, adversely affecting its financial results.

Although the range of commodities produced and marketed by Glencore AG or its subsidiaries and the geographic regions in which it directly or indirectly operates are widely diversified, and Glencore AG believes that a reduction in demand for any particular commodity or an economic downturn in any particular region would not have a significant adverse effect on its financial results, the volumes of commodities produced, purchased and sold by Glencore AG or its subsidiaries are subject to the general worldwide economic environment, and any downturn in the global economy or in regions material to it could adversely affect Glencore AG's operations.

Glencore AG along with its subsidiaries operate under policies which are intended to minimise the risk deriving from commodity price fluctuations. A substantial portion of Glencore AG's inventory (which is primarily material in transit) is, at any given time, under contract for sale at a pre-determined price or hedged through futures and options transactions on commodity exchanges or with highly rated counterparties. In the event of disruptions in the commodity exchanges on which it directly or indirectly engages in hedging transactions, Glencore AG's ability to manage commodity price risk may be adversely affected. Also, in the event of price movements against open positions in a commodity in which it is not fully hedged, Glencore AG's results of operations may be adversely impacted.

Commercial and political risk

Glencore AG's business is subject to commercial and political risks which may affect transactions with particular counterparties or transactions in particular regions of the world.

The commercial risks to which its directly and indirectly held operations may be subject include counterparty risk, such as failure of performance by suppliers and failure of payment by its customers. Glencore AG along with its subsidiaries seek to reduce the risk of supplier non-performance by requiring credit support from creditworthy financial institutions where appropriate, particularly in transactions involving financing extended to its suppliers. Glencore AG along with its subsidiaries reduce the risk of non-payment by purchasers of commodities by imposing limits on open accounts extended to creditworthy customers and imposing credit support requirements for other customers. Nonetheless, no assurance can be given that its financial results would not, in certain circumstances, be adversely affected by the failure of a counterparty to fulfil its contractual obligations.

Glencore AG along with its subsidiaries operate worldwide, including in regions of the world and countries which are subject to political risks. Government actions, such as the imposition of currency controls, moratoriums and expropriations, could prevent a counterparty from performing an obligation owed to Glencore AG or its subsidiaries. Glencore AG's directly or indirectly owned industrial assets may be subject to damage, destruction or loss in the event of civil unrest or expropriation. Glencore AG along with its subsidiaries manage the exposure to political risk directly through obtaining political risk insurance and credit support from creditworthy financial institutions when there is the belief that obtaining such insurance or credit support is prudent, and indirectly through geographic diversification of commodities and operations. Nonetheless, no assurance can be given that its financial results would not, in certain circumstances, be adversely affected by political acts or instability.

Loss and third-party liability

Glencore AG's operations include direct or indirect investments in industrial assets, such as smelting, refining, mining and processing operations. Transport disruption, weather and natural disasters such as hurricanes and flooding, unexpected maintenance problems, collapse or damage to mines, unexpected geological variations, labour disruptions and changes in laws and regulations relating to occupational safety, health and environmental matters are some of the factors that may adversely affect Glencore AG's profitability. These factors can affect costs at particular industrial assets for varying periods. In addition, smelting, refining, mining and processing operations also rely on key inputs, such as labour, fuel and electricity. Disruption to the supply of key inputs, or changes in their pricing, may have a significant adverse impact on its future earnings.

Glencore AG's direct or indirect marketing operations entail shipments of commodities, including oil and oil products, in large quantities, often by ocean-going transport. Such operations may be subject to risks of environmental liability, loss and third-party liability which arise from the activities involved.

Glencore AG along with its subsidiaries utilise a broad insurance programme providing coverage for operations at a level believed to be appropriate for the risks associated therewith. Such insurance protection is

maintained with leading international insurance markets and includes coverage for physical loss and damage, as well as third-party liability. However, insurance is not commercially available to cover all potential risks and no assurance can be given that, where available, such coverage would be sufficient to cover all loss and liability to which Glencore AG and its subsidiaries may be exposed.

Access to capital

Glencore AG's operations employ significant amounts of capital. Continued access to such capital is critical to maintaining its customary level of activity. A significant portion of its debt is short-term in nature. Glencore AG's short-term debt generally finances its current assets, which are comprised of inventories, trade receivables and advances and are either self-liquidating or otherwise subject to a high rate of turnover. In the event that, as a result of events relating to its business or to the credit markets generally, its access to such short-term capital were to be restricted, its volumes may be adversely affected.

Currency and exchange rate fluctuations

Glencore AG's functional currency is the U.S. dollar, as the vast majority of its purchase and sale transactions are denominated in U.S. dollars. In transactions denominated in currencies other than the U.S. dollar, it generally hedges the specific future commitment through a forward exchange contract. Nevertheless, some of its operating expenses are denominated in the local currencies in which its offices or directly and indirectly held industrial assets are located. Glencore AG's largest non-dollar expenses related to its office network are denominated in the Euro, the Pound Sterling and the Swiss Franc. Its largest non-U.S. Dollar denominated operating costs related to its directly and indirectly held industrial operations are in Euro and Australian Dollars. A rapid depreciation in the value of the U.S. dollar against these currencies will therefore result in an increase in the cost of these operations in U.S. dollar terms and could adversely affect its results if not fully hedged.

Factors relating to the Notes and the Guarantees

No active trading market for the Notes

Each Series of Notes will be a new issue of securities for which there will be no established trading market. The liquidity of any market for the Notes will depend upon the number of holders of the Notes, the interests of the Dealers in making a market for the Notes and other factors. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall financial market and by changes in our financial performance or in the prospects for companies in our industry generally. There can be no assurance that an active trading market will develop for the Notes.

Ranking of obligations under the Notes and the Guarantees

The obligations of the Issuers under the Notes will be unsecured and rank equally in right of payment with all unsecured unsubordinated obligations of the respective Issuer. The obligations of the Guarantors under each of the Guarantees will be unsecured and rank equally with all unsecured unsubordinated obligations of the respective Guarantor. These obligations will also be structurally subordinated to the holders of secured and unsecured debt and other creditors of subsidiaries of the Guarantors (other than the Issuers and Glencore AG). The Terms and Conditions of the Notes will not place any limitation on the amount of unsecured debt that may be incurred by the Guarantors or any of their respective subsidiaries (including the Issuers and Glencore AG).

At 31 December 2005, the unsecured, unsubordinated obligations of the Issuers and the Guarantors aggregated US\$ 7,540 million. Neither the Issuers nor the Guarantors had secured obligations at 31 December 2005. The obligations of the subsidiaries of Glencore International AG (other than the Issuers and Glencore AG) aggregated US\$ 4,754 million as at 31 December 2005 (such figure includes secured obligations amounting to US\$ 2,015 million relating to our receivable and inventory backed securitisation programmes).

Profit participation; equity conversion

Glencore International AG is fully owned by its management and key employees through Glencore Holding AG ("**Glencore Holding**") and Glencore L.T.E. AG ("**LTE**"). Only active employees of the Group are permitted to become shareholders of Glencore Holding or LTE.

Each Employee Shareholder (as defined in the Conditions) receives profit participation rights which entitle the Employee Shareholder to a portion of Glencore International AG's consolidated shareholders' funds accumulated in the period during which the Employee Shareholder holds the profit participation rights.

Upon the termination of employment of an Employee Shareholder holding its shares in Glencore Holding, the portion of the consolidated shareholders' funds of Glencore International attributable to the profit participation rights held by the Employee Shareholder becomes payable to such person over a five-year period. This payment obligation is structurally subordinated and junior to claims of Noteholders against the assets and earnings of Glencore AG and the Issuers. See "Description of Glencore International AG – Shareholders".

With respect to Employee Shareholders whose employment terminated on or prior to 1 November 2004, this payment obligation ranks equally in right of payment to the Guarantee of Notes issued by Glencore

International AG, and payments from Glencore International to these Employee Shareholders will not be subordinated to claims of Noteholders against the assets and earnings of Glencore International AG.

With respect to Employee Shareholders whose employment terminated after 1 November 2004, Glencore International AG and its Employee Shareholders agreed in late 2004 to additional subordination provisions with respect to profit participation payments and to remove Glencore International AG's discretionary right to accelerate these payments. Pursuant to the new subordination provisions, upon the occurrence of any Subordination Triggering Event (as defined in the Conditions), payment of the Employee Shareholder's remaining share of consolidated shareholders' funds would be subordinated to claims of unsecured lenders and investors of Glencore International AG, including Noteholders, and further payments would not be permitted to be made during the pendency of the Subordination Triggering Event. The Conditions that will govern the Notes issued under the Programme provide that all current Employee Shareholders have agreed and all future Employee Shareholders will have agreed to this subordination and that Glencore International AG may not accelerate these payouts to Employee Shareholders whose employment terminated after 1 November 2004. The Conditions will further provide that these restrictions may not be amended in any material respect without the approval of an Extraordinary Resolution of Noteholders of the relevant tranche of Notes governed thereby.

LTE has been set up for integration in the existing profit participation programme on one hand but to guarantee stability in the shareholding of Glencore International AG on the other. The shares in LTE as well as the respective profit participation rights are pooled under separate agreements and may be disposed of or exercised only jointly by the members of the pool and subject to certain limitations and conditions. Resignation or retirement of an Employee Shareholder of LTE does not trigger any claims against Glencore International AG and the departing employee in such case has no claims to the LTE shares or profit participation rights which remain in the pool.

Glencore International AG has financial covenants in certain of its outstanding credit facilities and senior debt securities (the latest maturity of which is currently 2021), the violation of which could constitute events of default for purposes of such credit facilities and debt securities. Such events of default would constitute Subordination Triggering Events for purposes of such credit facilities and debt securities. Upon the occurrence and continuation of any such Subordination Triggering Event under any such credit facilities or debt securities, Glencore International AG would be prohibited from making payments to Employee Shareholders in respect of their profit participation rights prior to the payment in full of such credit facilities and debt securities, including instances in which a Subordination Triggering Event for purposes of the relevant Tranche of Notes had not occurred. Creditors under the facilities or senior debt with respect to which the Subordination Triggering Event has occurred would have the right to waive such event.

INFORMATION INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus which have been filed with the CSSF. Such documents shall be deemed to be incorporated in, and form part of this Base Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus:

- (1) the audited non-consolidated financial statements (including the auditors' report thereon and notes thereto) of each of the Issuers and Glencore AG in respect of the years ended 31 December 2005 and 31 December 2004;
- (2) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of Glencore International AG in respect of the years ended 31 December 2005 and 31 December 2004; and
- (3) unaudited consolidated interim financial statements of Glencore International AG in respect of the 3 months ended 31 March 2006.

The Base Prospectus and any document incorporated by reference will be available on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>). Each Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request, a copy of this Base Prospectus (and any document incorporated by reference in this Base Prospectus).

Financial Statements of Glencore Capital Ltd.

The table below sets out the relevant page references for the financial statements for and the notes to the financial statements of Glencore Capital Ltd. for the fiscal years ended 31 December 2004 and 31 December 2005, as set out in their respective annual reports.

Financial statements for the financial year ended 31 December 2004:	Page reference
Balance Sheet.....	1
Profit and Loss Account	2
Analysis of Cash Flow	3
Notes to Financial Statements.....	7
Auditors' Report on the Financial Statements	0

Financial statements for the financial year ended 31 December 2005:

Balance Sheet.....	1
Profit and Loss Account.....	2
Analysis of Cash Flow.....	3
Notes to Financial Statements:.....	7
Auditors' Report on the Financial Statements.....	0

Financial Statements for Glencore Finance (Europe) S.A.

The table below sets out the relevant page references for the financial statements for and the notes to the financial statements of Glencore Finance (Europe) S.A. for the fiscal years ended 31 December 2004 and 31 December 2005, as set out in their respective annual reports.

Financial statements for the financial year ended 31 December 2004:	Page reference
Balance Sheet.....	5
Profit and Loss Account	6
Notes to Financial Statements.....	9
Auditors' Report on the Financial Statements	4

Financial statements for the financial year ended 31 December 2005:

Balance Sheet.....	4
Profit and Loss Account	5
Notes to Financial Statements:.....	6
Auditors' Report on the Financial Statements	3

Financial Statements for Glencore International AG

The table below sets out the relevant page references for the financial statements for and the notes to the financial statements of Glencore International A.G. for the fiscal years ended 31 December 2004 and 31 December 2005 and for the quarter ended 31 March 2006, as set out in their respective annual and quarterly reports.

	Page reference
Financial statements for the financial year ended 31 December 2004:	
<hr/>	
Financial Statements:	
Balance Sheet.....	20
Profit and Loss Account	22
Analysis of Cash Flow	23
Notes to Consolidated Financial Statements	27
Auditors' Report on the Financial Statements	62
Financial statements for the financial year ended 31 December 2005:	
<hr/>	
Financial Statements:	
Balance Sheet.....	22
Profit and Loss Account	21
Analysis of Cash Flow	24
Notes to Consolidated Financial Statements:.....	27
Auditors' Report on the Financial Statements	66
Financial statements for the quarter ended 31 March 2006:	
<hr/>	
Financial Statements:	
Balance Sheet.....	6
Profit and Loss Account	5
Analysis of Cash Flow	8

Financial Statements for Glencore AG

The table below sets out the relevant page references for the financial statements for and the notes to the financial statements of Glencore A.G. for the fiscal years ended 31 December 2004 and 31 December 2005, as set out in their respective annual reports.

	Page reference
Financial statements for the financial year ended 31 December 2004:	
<hr/>	
Balance Sheet.....	4
Profit and Loss Account	6
Notes to Financial Statements.....	7
Auditors' Report on the Financial Statements	13
Financial statements for the financial year ended 31 December 2005:	
<hr/>	
Balance Sheet.....	6
Profit and Loss Account	4
Notes to Financial Statements:.....	7
Auditors' Report on the Financial Statements	13

Information contained in the documents incorporated by reference other than information listed in the table above is for information purposes only.

SUPPLEMENT TO THE BASE PROSPECTUS

Each Issuer and each Guarantor has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that if at any time during the duration of the Programme there is a significant new factor, mistake or material inaccuracy relating to information contained in this Base Prospectus whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Base Prospectus for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of each Issuer and each Guarantor or any change in the information set out under "**Terms and Conditions of the Notes**", each Issuer and each Guarantor will prepare or procure the preparation of an amendment or supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus, for use in connection with any subsequent issue by the relevant Issuer of Notes to be listed on the Luxembourg Stock Exchange.

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “**Temporary Global Note exchangeable for a Permanent Global Note**”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership, within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies “**in the limited circumstances described in the Permanent Global Note**”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to or to the order of the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “**Temporary Global Note exchangeable for Definitive Notes**” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “**Temporary Global Note exchangeable for Definitive Notes**” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-

U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to or to the order of the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "**Permanent Global Note exchangeable for Definitive Notes**", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "**in the limited circumstances described in the Permanent Global Note**", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to or to the order of the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "**Terms and Conditions of the Notes**" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "**Summary of Provisions Relating to the Notes while in Global Form**" below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions, save for this paragraph in italics, which, as supplemented, amended and/or replaced by Part A of the relevant Final Terms, will apply to each Tranche of Notes and which will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “**Summary of Provisions Relating to the Notes while in Global Form**” below.*

1. Introduction

- (a) *Programme:* Glencore Capital Ltd. and Glencore Finance (Europe) S.A. (each an “**Issuer**” and together the “**Issuers**”) and Glencore International AG and Glencore AG (each a “**Guarantor**” and together, the “**Guarantors**”) have established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to US\$ 5,000,000,000 in aggregate principal amount of notes (the “**Notes**”) unconditionally (subject, in the case of Glencore AG, to applicable Swiss law) and irrevocably guaranteed on a joint and several basis by the Guarantors.
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of the applicable final terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Trust Deed:* The Notes are subject to and have the benefit of an amended and restated trust deed dated 8 August 2006 (as amended and/or further supplemented and/or restated from time to time, the “**Trust Deed**”) made between each Issuer, each Guarantor and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) *Paying Agency Agreement:* The Notes are the subject of an amended and restated paying agency agreement dated 8 August 2006 (as amended and/or supplemented and/or restated from time to time, the “**Paying Agency Agreement**”) between each Issuer, each Guarantor, the Trustee, Deutsche Bank AG, London Branch (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in accordance with the Paying Agency Agreement in connection with the Notes) and the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in accordance with the Paying Agency Agreement in connection with the Notes).
- (e) *Guarantee Agreement:* The Notes are the subject of a guarantee agreement dated 8 August 2006 (as amended or supplemented from time to time, the “**Guarantee Agreement**”) entered into by each Guarantor and the Trustee.
- (f) *The Notes:* All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available free of charge during normal business hours at the Specified Office of the Trustee, the Principal Paying Agent and the Paying Agent in Luxembourg, the initial Specified Offices of which are set out below.
- (g) *Summaries:* Certain provisions of these Conditions are summaries of the Trust Deed, the Paying Agency Agreement and the Guarantee Agreement and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement and the Guarantee Agreement applicable to them. Copies of the Trust Deed, the Paying Agency Agreement and the Guarantee Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.
- (h) *Issuer:* All subsequent references to “**the Issuer**” are to the relevant Issuer named in the relevant Final Terms.

2. Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:
 - “**Accrual Yield**” has the meaning given in the relevant Final Terms;
 - “**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;
 - “**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“Business Day” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“Business Day Convention”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **“FRN Convention”**, **“Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“Clearstream, Luxembourg” means Clearstream Banking, société anonyme, Luxembourg;

“Consolidated Assets” means all of the assets of the Group as reported in the latest audited consolidated financial statements of the Group;

“Consolidated Borrowing Costs” of the Group means all continuing, regular or periodic costs, charges and expenses (including, but not limited to, interest, whether capitalised or not and the interest element of Finance Leases) incurred by the Group in effecting, servicing or maintaining Financial Indebtedness, plus rent payments under operating leases, less interest received by the Group, all as reported in the latest audited consolidated financial statements of the Group;

“Consolidated Income” means income for the year before attribution less attribution to minorities, each as reported (or as comprised by those items having a substantially similar description) in the latest audited annual consolidated financial statements of the Group;

“Consolidated Profit (or loss) before Borrowing Costs and Tax” means Consolidated Income adjusted by adding back minority interests, taxes, extraordinary items and Consolidated Borrowing Costs for the period, all by reference to the latest audited annual consolidated financial statements of the Group;

“Coupon Sheet” means, in respect of a Note, a coupon sheet relating to the Note;

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **“Actual/Actual (ISMA)”** is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular period in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if **“Actual/365”** or **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **“30/360”** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if **“30E/360”** or **“Eurobond Basis”** is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

“Early Redemption Amount (Tax)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Early Termination Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“Employee Shareholder” means any Person who is, or was at any time after 1 November 2004, (i) an employee of any member of the Group; (ii) a shareholder of Glencore Holding AG or Glencore L.T.E. AG and (iii) party to a Shareholder Agreement;

“Excluded Financial Indebtedness” means Financial Indebtedness of any Subsidiary of Glencore International AG (other than the Issuer or any Material Subsidiary) to the extent that none of the Issuer, the Guarantors or any Material Subsidiary is or continues to be liable (whether actually or contingently, but excluding any pledge of the equity of such Subsidiary) to repay such Financial Indebtedness;

“Extraordinary Resolution” has the meaning given in the Trust Deed;

“Final Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Financial Indebtedness” of any Person, means (without duplication and excluding trade credit in the ordinary course of the Group’s business on the Group’s normal commercial terms):

- (i) all obligations of such Person for monies borrowed and its redemption obligations in respect of mandatorily redeemable preferred stock (being any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment for any amounts upon liquidation or dissolution of such corporation);

- (ii) all obligations of such Person evidenced by any debenture, bond, note, loan, stock, commercial paper or other similar security;
- (iii) all actual (as opposed to contingent) reimbursement and other payment obligations of such Person (other than accounts payable) in respect of any acceptance of financial letters of credit or instruments serving similar functions;
- (iv) all obligations of such Person in respect of capitalised rentals or Finance Leases;
- (v) all guarantees by such Person of financial indebtedness of third parties;
- (vi) the remaining recourse element of receivables sold by such Person or any of its Subsidiaries in a jurisdiction where such receivables financing is not a usual and customary financing transaction; and
- (vii) any amount owed to departed Employee Shareholders pursuant to any existing or future agreements with such Employee Shareholders,

but with respect to the Group shall exclude monies borrowed or raised by any entity within the Group from any other entity within the Group;

“Finance Lease” as applied to any Person, means any lease of any property (whether real, personal or mixed) by such Person as lessee which would, in accordance with IFRS, be required to be classified and accounted for as a finance lease in the financial accounts or statements of such Person;

“Fixed Coupon Amount” has the meaning given in the relevant Final Terms;

“Group” means Glencore International AG and its consolidated Subsidiaries;

“Guarantee” means, in relation to any Financial Indebtedness of any Person, any obligation of another Person to pay such Financial Indebtedness;

“Guarantee of the Notes” means the guarantee of the Notes given by each of the Guarantors in the Guarantee Agreement;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“Interest Determination Date” has the meaning given in the relevant Final Terms;

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“International Financial Reporting Standards” or **“IFRS”** means, at any time, the current version of accounting standards set out by the International Accounting Standards Board in London, England (previously the International Accounting Standards or IAS);

“ISDA Definitions” means the 2000 ISDA Definitions as further amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

“Issue Date” has the meaning given in the relevant Final Terms;

“Limited Recourse Indebtedness” means any indebtedness to finance the ownership, acquisition, development, redevelopment and/or operation of an asset or to finance or facilitate the receipt of any specified revenues or receivables in respect of which the person or persons to whom any such indebtedness is or may be owed (in this definition, the **“Lender”**) by the relevant borrower being the Issuer, each of the Guarantors or any Material Subsidiary (in this definition, the **“Borrower”**) has or have no recourse whatsoever to the Borrower for the repayment thereof other than:

- (i) recourse to such Borrower for amounts limited to the cash flow or net cash flow from such asset or receivable; and/or

- (ii) recourse to the proceeds of enforcement of any Security Interest given by such Borrower over such asset or receivable or the income, cash flow or other proceeds deriving therefrom ("**Relevant Property**") (or given by any shareholder or the like in the Borrower over its shares or the like in the capital of the Borrower ("**Related Property**")) to secure such indebtedness, *provided that* (A) the extent of such recourse to such Borrower is limited solely to the amount of any recoveries made on any such enforcement, and (B) such Lender is not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding-up or dissolution of the Borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Borrower or any of its assets (save for the assets the subject of such encumbrance); and/or
- (iii) recourse to the Borrower generally, or directly or indirectly to a member of the Group, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specific way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another person or an indemnity in respect thereof or an obligation to comply or to procure compliance by another person with any financial ratios or other tests of financial Condition) by the person in favour of whom such recourse is available;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Material Subsidiary**" means:

- (i) any Subsidiary of Glencore International AG where (i) the Subsidiary Profit or (loss) before Borrowing Costs and Tax in respect of such a Subsidiary during the immediately preceding complete financial year of such Subsidiary exceeded 10% of the Consolidated Profit (or loss) before Borrowing Costs and Tax of the Group during the immediate preceding complete financial year or Glencore International AG, or (ii) the Subsidiary Assets in respect of such Subsidiary during the immediately preceding complete financial year of such Subsidiary exceeded 10% of the Consolidated Assets of the Group as at the end of the immediately preceding complete financial year of Glencore International AG; or
- (ii) any other Subsidiary of Glencore International AG which has been designated by Glencore International AG to the Dealers and the Trustee in writing to constitute a "**Material Subsidiary**" *provided that*, subject to paragraph (a) above, Glencore International AG may, by notice in writing to the Dealers and the Trustee specify that a Subsidiary previously designated to be a "**Material Subsidiary**" pursuant to this provision shall no longer be treated as a "**Material Subsidiary**"; or
- (iii) any Subsidiary of Glencore International AG held directly or indirectly which owns, directly or indirectly, a Subsidiary which is a Material Subsidiary in accordance with paragraph (a) or (b) above,

provided that neither Xstrata plc, a United Kingdom public company ("**Xstrata**"), nor Century Aluminum Company, a Delaware corporation ("**Century Aluminum**"), nor Minara Resources Limited, an Australian corporation ("**Minara Resources**"), and their respective Subsidiaries shall be, nor be deemed to be, a Material Subsidiary, and Glencore International AG has in the Trust Deed entered into certain covenants to deliver to the Trustee a certificate signed by a director of Glencore International AG confirming which Subsidiaries of Glencore International AG are Material Subsidiaries.

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Participating Member State**" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

- (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Permitted Securitisation Transaction” shall mean a sale of receivables, inventories or other assets by a member of the Group to a special purpose entity, whereby either (i) the sale does not meet the derecognition requirements of, or (ii) the special purpose entity is required to be consolidated under, IFRS such that the assets and related liabilities appear on Glencore International AG’s consolidated financial statements;

“Permitted Security Interest” means:

- (i) any Security Interest over property or assets of a company which becomes a Subsidiary after the Issue Date (and at the same time or subsequently becomes a Material Subsidiary), but only if:
 - (A) the Security Interest (1) was in existence prior to the date the company concerned becoming a Subsidiary and (2) was not created in contemplation of such company becoming a Subsidiary; and
 - (B) the principal or nominal amount secured by the Security Interest as at the date the company became a Subsidiary is not subsequently increased; and
- (ii) any Security Interest on accounts receivable, inventory or other assets in connection with Permitted Securitisation Transactions;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means either Wellington or Auckland, as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“Reference Banks” has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“Reference Rate” has the meaning given in the relevant Final Terms;

“Regular Period” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Notes where, apart from the first interest period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Indebtedness" means (i) any present or future indebtedness (whether being principal, premium, interest or other amount) in the form of, or represented or evidenced by, notes, bonds, debentures, debenture stock, loan stock or other securities which are, or are intended to be, with the consent of the person issuing the same, quoted, listed or ordinarily traded on any stock exchange or recognised over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, the Reuters Markets 3000 and the Moneyline Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Reserved Matter" has the meaning given in the Trust Deed;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Shareholder Agreement" means any profit-sharing, shareholder or similar agreement pursuant to which a current or future employee of any member of the Group who owns shares of Glencore Holding AG shall be eligible to receive payment from Glencore International upon termination of that employee's employment, or a current or future shareholder of Glencore L.T.E. AG shall become eligible to receive payment from Glencore International upon Glencore International's agreement to make such payment;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Paying Agency Agreement or, in relation to the Trustee, has the meaning given to it in the Trust Deed;

"Specified Period" has the meaning given in the relevant Final Terms;

"Subordination Triggering Event" means each Event of Default under these Conditions;

"Subsidiary" means, in relation to any person, any corporation, association or other business entity more than 50% of the Voting Shares of which is at the time owned directly or indirectly by such person. Unless otherwise specified, any reference to a Subsidiary is intended as a reference to a direct or indirect Subsidiary of Glencore International AG;

"Subsidiary Assets" means the total assets of a Subsidiary of Glencore International AG excluding all intercompany assets and liabilities, all as reported in the latest audited consolidated financial statements of that Subsidiary (or, in relation to a Subsidiary of Glencore International AG which does not have any Subsidiaries, the latest audited non-consolidated financial statements of such Subsidiary);

"Subsidiary Borrowing Costs" of any Subsidiary of Glencore International AG means all continuing, regular or periodic costs, charges and expenses (including, but not limited to interest, whether capitalised or not and the interest element of Finance Leases) incurred by such Subsidiary in effecting, servicing or maintaining Financial Indebtedness plus rent payments under operating leases, less interest received by such Subsidiary, all as reported in the latest audited consolidated financial statements of such Subsidiary (or, in relation to a Subsidiary of Glencore International AG which does not have any Subsidiaries, the latest audited non-consolidated financial statements of such Subsidiary);

"Subsidiary Profit (or loss) before Borrowing Costs and Tax" means the Consolidated Income of any Subsidiary of Glencore International AG, (or, in relation to such a Subsidiary which does not have any Subsidiaries, the non-consolidated income), adjusted by adding back any cumulative effect of

changes in accounting policy, minority interests, income taxes, extraordinary items and Subsidiary Borrowing Costs for the year, but excluding all inter-Subsidiary transactions such as, but not limited to, dividends, commissions and management fees all as reported in the latest audited consolidated financial statements of such Subsidiary (or, in relation to a Subsidiary of Glencore International AG which does not have any Subsidiaries, the latest audited non-consolidated financial statements of such Subsidiary);

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“**Treaty**” means the Treaty establishing the European Communities, as subsequently amended;

“**Voting Shares**” means with respect to any person, the securities of any class or classes of such person, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions) of such person; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

- (b) *Interpretation:* In these Conditions:
- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
 - (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
 - (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
 - (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
 - (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
 - (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Trust Deed; and
 - (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “**not applicable**” then such expression is not applicable to the Notes.

3. Form, Denomination and Title

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue, *provided that* in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount in excess thereof provided in the relevant Final Terms.

4. Status, Guarantee and Subordination Agreements

- (a) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

- (b) *Guarantee of the Notes:* Each of the Guarantors has in the Guarantee Agreement unconditionally (subject, in the case of Glencore AG, to applicable Swiss law) and irrevocably guaranteed on a joint and several basis the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general and unconditional obligations of each of the Guarantors which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of each of the Guarantors, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (c) *Subordination Agreements:*
- (i) All current Employee Shareholders of Glencore International have agreed, and Glencore International shall only admit future Employee Shareholders to enter into a Shareholder Agreement who will have agreed (any such agreement a "**Subordination Agreement**"), that at all times hereafter during which the principal, interest or any applicable additional amounts (under Condition 12) with respect to the Notes shall not have been paid in full in cash, their respective rights to payment under the relevant Shareholder Agreement are subordinate and junior in right of payment to all obligations to unsecured lenders and investors of Glencore International, including Noteholders, under its Guarantee of the Notes such that payments under such Shareholder Agreements would not be permitted to be made by Glencore International during the pendency of a Subordination Triggering Event and unless approved by an Extraordinary Resolution of Noteholders, Glencore International will not reduce the five year period over which payments are made to Employee Shareholders under such Employee Shareholder Agreements. Such Subordination Agreements shall provide that the subordination required by this Condition 4(c)(i) shall also apply to the initial payment to an Employee Shareholder if such payment shall have been made or come due within thirty (30) days prior to the occurrence of a Subordination Triggering Event and shall further provide that the Subordination Agreements shall not be amended in any material respect without prior approval by an Extraordinary Resolution of Noteholders. The subordination required by this Condition 4(c)(i) shall not apply to any Employee Shareholder whose employment terminated or who otherwise became eligible to receive payment (whether or not then due) from Glencore International under a Shareholder Agreement in each case on or prior to 1 November 2004. No provision of the Subordination Agreement shall in any way limit the right of Glencore International to require, or of any Employee Shareholder to agree, that the rights of any Employee Shareholder shall be subordinate and junior in right of payment to any other present or future obligation of Glencore International; *provided, however, that* any such other subordination shall be no more favourable to the holders of such obligation than the subordination provided to the holders of the Notes.
- (ii) Glencore International shall cause each Employee Shareholder that enters into a written agreement with Glencore International to receive a specific payment under a Shareholder Agreement prior to such Employee Shareholder's termination of employment to agree on terms and conditions no more favourable to the Employee Shareholder than the terms and conditions of the Subordination Agreement as per Condition 4(c)(i) and to further agree that if such written agreement to receive a specific payment is made during the pendency of or within thirty (30) days prior to the occurrence of a Subordination Triggering Event, then until such Subordination Triggering Event is remedied or waived such Employee Shareholder's right to receive a first payment shall be subordinate and junior in right of payment to all obligations of Glencore International under its Guarantee of the Notes such that the Employee Shareholder shall not be entitled to receive any such payment. Nothing in this Condition 4(c)(ii) or in any agreement with an Employee Shareholder pursuant hereto shall in any way limit the right of Glencore International to require, or of any Employee Shareholder to agree, that the rights of any Employee Shareholder shall be subordinate and junior in right of payment to any other present or future obligation of Glencore International; *provided, however, that* any such other subordination shall be no more favourable to the holders of such obligation than the subordination provided to the holders of the Notes.
- (iii) The existence of a Subordination Triggering Event shall not prevent the return of profit participation rights of Glencore International and the corresponding reduction of its equity capital.
- (iv) Upon the occurrence and during the continuation of a Subordination Triggering Event, Glencore International shall take all steps necessary to enforce the subordination and suspension of payment provisions, and the provisions relating to the enforcement thereof, in all of the Shareholder Agreements that are then in effect, for the benefit of such Noteholders and all other holders of Notes issued under the Programme and are similarly situated, including all steps necessary to enforce such provisions against the parties to such agreements other than Glencore International.

5. Negative Pledge

None of the Issuers and the Guarantors will, and the Guarantors will not permit any Material Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Security Interest, except for Permitted Security Interests, on or with respect to any property or assets of the Issuer, either Guarantor or any Material Subsidiary (whether held on the date hereof or hereafter acquired) or any interest therein or any income or profits therefrom to secure any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes or, as the case may be, the Guarantors' obligations under the Guarantee Agreement are secured equally and rateably therewith or benefit from another arrangement (whether or not comprising a Security Interest) as the Trustee deems is not materially less beneficial to the interests of the Noteholders.

6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (e) *Net Interest Amount:* If any withholding or deduction is imposed under Condition 12, the Issuer shall increase the payment of principal or interest to such amount as will result in receipt by the Noteholders and Couponholders of such amount as would have been received by them if no such withholding or deduction had been required (except as provided in Condition 12).

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:*
 - (i) If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be:
 - (1) the offered quotation; or
 - (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

- (ii) if the Relevant Screen Page is not available or if, sub-paragraph (i)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (i)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
 - (iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, *provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).
- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction.
- (h) *Calculation of other amounts*: If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms
- (i) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, Interest Period and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, each Guarantor, the Trustee and the Paying Agents, the Luxembourg Stock Exchange and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- (j) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantors, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (k) *Determination or Calculation by Trustee*: If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee will determine such Rate of Interest and make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, each Guarantor, Noteholders, Couponholders, the Calculation Agent and the Paying Agents.
- (l) *Net Interest Amount*: If any withholding or deduction is imposed under Condition 12 (*Taxation*), the Issuer shall increase the payment of principal or interest to such amount as will result in receipt by the Noteholders and Couponholders of such amount as would have been received by them if no such withholding or deduction had been required (except as provided in Condition 12).

8. Zero Coupon Note Provisions

- (a) *Application*: This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes*: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or as the case

may be the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest fails to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if neither the Floating Rate Note Provisions nor the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 20 (*Notices*)) (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Bermuda (in the case of Glencore Capital Ltd.) or Luxembourg (in the case of Glencore Finance (Europe) S.A.) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Issuer satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that either of the Guarantors has or (if a demand were made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by such Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or either Guarantor would be obliged to pay such additional amounts or either Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or either Guarantor would be obliged to pay such additional amounts or either Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in A(1) and A(2) prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the relevant Guarantor stating that the circumstances referred to in B(1) and B(2) prevail and setting out the details of such circumstances and (B) an opinion satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the relevant Guarantor has or will

become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the circumstances set out in A(1) and A(2) above or (as the case may be) B(1) and B(2) above, in which event they shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 20 (*Notices*)) and having notified the Trustee prior to the provision of such notice (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject in each case to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed, and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase:* The Issuer, each of the Guarantors or any Subsidiary of each of the Guarantors may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

- (i) *Cancellation*: All Notes so redeemed or purchased by the Issuer, either Guarantor or any Subsidiary of either Guarantor and any unmatured Coupons attached to or surrendered with them may be held by the Issuer, either Guarantor or any Subsidiary of either Guarantor or resold.

11. Payments

- (a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however*, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specify that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent and the Paying Agent in Luxembourg for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Taxation

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons (including payments by each Guarantor under the Guarantee of the Notes) by or on behalf of the Issuer or each Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Bermuda, if the Issuer is Glencore Capital Ltd., Luxembourg, if the Issuer is Glencore Finance (Europe) S.A., or Switzerland or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the relevant Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
 - (i) by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with Bermuda or (as the case may be) Switzerland other than the mere holding of such Note or Coupon; or
 - (ii) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN (European Union Economic and Finance Ministers) Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.
- (b) *Taxing jurisdiction:* If the Issuer or any of the Guarantors becomes subject at any time to any taxing jurisdiction other than, as the case may be, Bermuda, Luxembourg or Switzerland, references in these Conditions to Bermuda, Luxembourg or Switzerland shall be construed as references to, as the case may be, Bermuda, Luxembourg, Switzerland and/or such other jurisdiction.

13. Events of Default

If any of the following events (each an “**Event of Default**”) occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to, in the case of the happening of any of the events mentioned in paragraphs (b), (d) or (i) below and, in relation to a Material Subsidiary only, paragraphs (c), (e), (f) or (g) the Trustee having certified in writing that the happening of such events is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases to the Trustee having been indemnified or provided with security to its satisfaction) give written notice to the Issuer (with a copy to each of the Guarantors) declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and such default continues for a period of 14 days from the due date for payment thereof; or

- (b) *Breach of other obligations*: the Issuer or either Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Trust Deed or the Guarantee Agreement and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy remains unremedied for 60 days or such longer period as the Trustee may in its absolute discretion agree after the Trustee has given written notice thereof to the Issuer and each Guarantor; or
- (c) *Cross-default of Issuer, Guarantors or Material Subsidiary*:
- (i) any Financial Indebtedness (other than Limited Recourse Indebtedness and Excluded Financial Indebtedness) of the Issuer, either Guarantor or any other Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Financial Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, either Guarantor or (as the case may be) the relevant Material Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any Person entitled to such Financial Indebtedness; or
 - (iii) the Issuer, either Guarantor or any Material Subsidiary fails to pay when due within any applicable grace periods any amount payable by it under any Guarantee of any such Financial Indebtedness; *provided that* the amount of Financial Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds US\$ 50,000,000 (or its equivalent in any other currency or currencies); or
- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an aggregate amount in excess of US\$ 50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, either Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 90 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: (other than in respect of Limited Recourse Indebtedness) a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, either Guarantor or any Material Subsidiary; or
- (f) *Insolvency etc*: (i) the Issuer, either Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due and/or, if the issuer is Glencore Finance (Europe) S.A. proceedings are initiated against the Issuer, either Guarantor or any Material Subsidiary under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation, moratorium, controlled management (*gestion contrôlée*), suspension of payment (*sursis de paiement*) or other similar laws, (ii) a receiver, trustee, administrator, custodian, conservator, liquidator or other similar official is appointed in relation to the Issuer or in relation to the whole, the substantial whole, or any part of the undertaking or assets of the Issuer, either Guarantor or any Material Subsidiary, (iii) the Issuer, either Guarantor or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Financial Indebtedness or any Guarantee of any Financial Indebtedness given by it or (iv) the Issuer, either Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business (otherwise than, in the case of the Issuer or the Guarantors, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent and, in the case of any other member of the Group, for the purpose of or pursuant to any amalgamation, reorganisation or restructuring); or
- (g) *Winding up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, either Guarantor or any Material Subsidiary (otherwise than, in the case of a Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of Bermuda or, as the case may be, Luxembourg, or Switzerland has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Unlawfulness*: it is or will become unlawful for the Issuer or either Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed, or the Guarantee of the Notes; or
- (j) *Guarantee not in force*: the Guarantee Agreement is not (or is claimed by either Guarantor not to be) in full force and effect.

Each Event of Default will constitute, and is defined as being, a Subordination Triggering Event for purposes of the Shareholder Agreements then in effect. Upon a Subordination Triggering Event and so long as the Event of Default constituting such Subordination Triggering Event is continuing, the rights of Employee Shareholders to payment of their respective proportional shares of the total shareholders' funds of Glencore

International AG under all the Shareholder Agreements then in effect will be subordinate and rank junior in right of payment to Notes and the Guarantees of the Notes, and no payments will be made in respect of such rights. In addition, the initial payment to a terminated Employee Shareholder will be similarly subordinated if such initial payment is made or becomes due within thirty (30) days prior to a Subordination Triggering Event.

14. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

15. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then listed on any stock exchange which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the Guarantors may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. Trustee and Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless indemnified to its satisfaction, and to be paid its costs and expenses in priority to the claims of Noteholders. The Trustee is entitled to enter into business transactions with the Issuer and/or the Guarantors and any entity related to the Issuer and/or the Guarantors without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes, Coupons or Talons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Paying Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer, each Guarantor or, following the occurrence of an event of default, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and each Guarantor reserve the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent or the Calculation Agent and to appoint a successor principal paying agent or calculation agent and additional paying agents; provided, however, that:

- (a) the Issuer and the Guarantors shall at all times maintain a Principal Paying Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantors shall at all times, whilst any such Note remains outstanding, maintain a Calculation Agent; and
- (c) if and for so long as the Notes are listed on any stock exchange which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantors shall maintain a Paying Agent having its Specified Office in the place required by the rules of such stock exchange; and
- (d) if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN (European Union Economic and Finance Ministers) Council meeting of 26-27 November 2000 is brought into force, the Issuer will ensure that it maintains a Paying Agent with a specified office in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to such Directive.

Notice of any changes in any of the Paying Agents and Calculation Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with Condition 20 (*Notices*).

17. Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the provisions of the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantors (acting together) or the Trustee and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing

one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification and Waiver:* The Trustee may agree, without the consent of the Noteholders or the Couponholders, to (i) any modification of any provision of these Conditions or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law and (ii) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach of any provision of these Conditions or the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Paying Agency Agreement may agree to modify any provision thereof, save the Trustee shall only agree without the consent of the Noteholders to such modification if, in the opinion of the Trustee, such modification is not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and Couponholders.

18. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do unless:

- (a) it has been so requested in writing by the holders of at least one quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

19. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

20. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) and, if the Notes which are listed on the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Regulated Market, a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or published on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>). If such publication is not practicable, publication will be made in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

21. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. Substitution

The Trustee may, without the consent of the Noteholders, agree with the Issuer and each Guarantor to the substitution in place of the Issuer or any of the Guarantors (or, in each case, of any previous substitute under this Condition) as the principal debtor under or, as the case may be, guarantor in respect of the Notes and the Trust Deed of any other Subsidiary of Glencore International AG, subject to (a) in the case of a substitution of the Issuer (or any previous substitute Issuer under this Condition), the Notes being guaranteed by each of the remaining Guarantors or, as the case may be, Guarantor (or where such substitute issuer is itself a Guarantor, the Notes being guaranteed by each of the other Guarantors or, as the case may be, Guarantor (or, in the case of the substitution of any of the Guarantors, the Notes being guaranteed by the new guarantor and the remaining Guarantor(s)), (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, and (c) certain other Conditions set out in the Trust Deed being complied with.

24. Governing Law and Jurisdiction

- (a) *Governing law:* The Notes and the Trust Deed are governed by, and shall be construed in accordance with, English law. The Guarantee of the Notes is governed by, and shall be construed in accordance with, the laws of Switzerland. The provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of August 10, 1915, as amended, are excluded.
- (b) *Jurisdiction:* Each of the Issuer and the Guarantors have agreed in the Trust Deed for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (c) *Appropriate forum:* Each of the Issuer and the Guarantors has in the Trust Deed waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agreed not to claim that any such court is not a convenient or appropriate forum.
- (d) *Process agent:* The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Glencore UK Ltd. at 50 Berkeley Street, London W1J 8HD or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent and Trustee, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent and Trustee. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.
- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law. Any legal action or proceeding in respect of the Guarantee Agreement may also be brought before the courts of the Canton of Zug, Switzerland.
- (f) *Third Parties:* No person shall have any right to enforce any term or Condition of this Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

PART A CONTRACTUAL TERMS

Final Terms dated [●]

**[GLENCORE CAPITAL LTD./
GLENCORE FINANCE (EUROPE) S.A.]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by

GLENCORE INTERNATIONAL AG

and

GLENCORE AG

under the US\$ 5,000,000,000

Euro Medium Term Note Programme

[Glencore Finance (Europe) SA was incorporated as a Société Anonyme on 17 April 2003 for an unlimited duration under the laws of the Grand Duchy of Luxembourg. The Articles of Incorporation were published on 12 May 2003 in the Mémorial, Journal Officiel du Grand-Duché de Luxembourg, Recueil des Société Associations. The corporate capital is €31,000 represented by 31 ordinary shares with a par value of €1,000 each fully paid up. Its registered office is at 1 Allée Scheffer, 2520 Luxembourg, P.O. Box 8, L-2010, Luxembourg and it is registered with the Register of Commerce and Companies, Luxembourg under number B-92,830.]

[Glencore Capital Ltd. was incorporated under the laws of Bermuda in Bermuda on 28 April 2000. It is a wholly owned subsidiary of Glencore Finance (Bermuda) Ltd., which in turn is wholly owned by Glencore International AG. Glencore Capital Ltd. has an authorised and issued share capital of US\$ 12,000 divided into 12,000 shares of US\$ 1.00 each. Its registered office is at Argyle House, 41A Cedar Avenue, Hamilton HM12, Bermuda, and its telephone number is: +441 295 1128. Glencore Capital Ltd. is registered in Bermuda under number 28393. Its country of jurisdiction is Bermuda. Glencore Capital Ltd. does not have any subsidiaries but does have a participation in Glencore Finance (Europe) S.A.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] 2006 [and the supplement to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement to Base Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[Though incorporated in Bermuda, Glencore Capital Ltd. is classified as non-resident in Bermuda for exchange control purposes and, as such, is free to acquire, to hold and sell any foreign currency or other assets (other than property situated in Bermuda) without restriction. The issue and transfer of the Notes of Glencore Capital Ltd. between persons regarded as resident outside Bermuda for exchange control purposes may be effected without specific concern under the Bermuda Exchange Control Act 1972 and the regulations made thereunder.]

The directors of [Glencore Capital Ltd./Glencore Finance (Europe) S.A.] have taken all reasonable care to ensure that the facts stated herein in relation to that company are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein in relation to [Glencore Capital Ltd./Glencore Finance (Europe) S.A.] whether a fact or opinion. All directors accept responsibility accordingly.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement to the Base Prospectuses dated [●]and [●]]. [The Base Prospectuses [and the supplement to the Base Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. [(i)] Issuer: [Glencore Capital Ltd./Glencore Finance (Europe) S.A.]
 [[(ii)] Guarantor: Glencore International AG and Glencore AG
2. [(i)] Series Number: [●]
 [(ii)] Tranche Number: [●]
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes admitted to trading: [●]
 [(i)] Series: [●]
 [(ii)] Tranche: [●]
5. Issue Price: [●] % of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: [●]
 [●]
7. [(i)] Issue Date: [●]
 [(ii)] Interest Commencement Date: [●]
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [● % Fixed Rate]
 [*specify reference rate*] +/- [● % Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other *(specify)*]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other *(specify)*]
(N.B. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of

the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No.809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)

11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] % per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with *specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*] / not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per [●] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA /ISDA) / other]
- (vi) Determination Dates: [●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)[Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate.]
- (i) Interest Period(s) [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]
- (iv) Business Centre(s): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): [●]

- (vii) Screen Rate Determination:
 - Reference Rate:
 - Interest Determination Date(s):
 - Relevant Screen Page:
- (viii) ISDA Determination:
 - Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
- (ix) Margin(s): +/- % per annum
- (x) Minimum Rate of Interest: % per annum
- (xi) Maximum Rate of Interest: % per annum
- (xii) Day Count Fraction:
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

17. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) [Amortisation/Accrual] Yield: % annum
- (ii) Reference Price:
- (iii) Any other formula/basis of determining amount payable:

18. Index-Linked Interest Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/Formula: *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the interest due:
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s):
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vi) Interest or calculation period(s):
- (vii) Specified Interest Payment Dates:
- (viii) Business Day Convention: *[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (give details)]*
- (ix) Business Centre(s):
- (x) Minimum Rate/Amount of Interest: % per annum
- (xi) Maximum Rate/Amount of Interest: % per annum
- (xii) Day Count Fraction:

19. Dual Currency Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give details]*

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

20. Call Option

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●]
 - (b) Maximum Redemption Amount: [●]
- (iv) Notice period: [●]

21. Put Option

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
- (iii) Notice period (if other as set out in the Conditions): [●]

22. Final Redemption Amount of each Note

[[●] per Note of [●] specified denomination/other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●]
- (viii) Maximum Final Redemption Amount: [●]

23. Early Redemption Amount

- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

25. Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relate]

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]

28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:

[Not Applicable/give details]

29. Consolidation provisions:

[Not Applicable/The provisions [in Condition 19 (Further Issues)] apply]

30. Other final terms:

[Not Applicable/give details]

[The minimum subscription amount which must be raised from the issue of Notes by Glencore Capital Ltd. under this offer required for (a) payment of expenses of the Issuer (b) working capital purposes for the Issuer and (c) the other matters referred to in section 28 of the Bermuda Companies Act 1981 is US\$ [●]. There is no minimum amount which must be raised from the issue of Notes by Glencore Capital Ltd. under this offer. Glencore Capital Ltd. [has/has not] borrowed any money in respect of the foregoing matters. Glencore Capital Ltd. [is/is not] responsible for its own expenses in connection with the offer.]

(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
32. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
33. Additional selling restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the US\$ 5,000,000,000 Euro Medium Term Note Programme [of Glencore Capital Ltd. and Glencore Finance (Europe) S.A. guaranteed by Glencore International AG and Glencore AG.]

RESPONSIBILITY

The Issuer and each of the Guarantors accept[s] responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer [and each of the Guarantors confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of Glencore International AG:

By:

Duly authorised

Signed on behalf of Glencore AG:

By:

Duly authorised

PART B OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●].]
[Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [●].

2. RATINGS

- Ratings: The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]
[Other: [●]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. [NOTIFICATION

The *Commission de Surveillance du Secteur Financier* [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

5. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [●]
(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)
- [(ii) Estimated net proceeds: [●]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- [(iii) Estimated total expenses: [●]. [*Include breakdown of expenses.*]
(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6. [Fixed Rate Notes only – YIELD

- Indication of yield: [●].
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [Index-Linked Notes only – PERFORMANCE OF INDEX and other information concerning the underlying]

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable).

Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weighting of each underlying in the basket.]

8. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE]

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]

9. OPERATIONAL INFORMATION

ISIN Code:

Common Code:

Any clearing system(s) other than Euroclear Bank S.A./ N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

10. GENERAL

Tradeable Amount:

Applicable TEFRA Exemption: [C Rules/D Rules/Not Applicable]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the relevant Issuer or the Guarantors to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the relevant Issuer or the Guarantors in respect of payments due under the Notes and such obligations of such Issuer and the Guarantors will be discharged by payment to the bearer of the Global Note.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples of the Tradeable Amount in excess thereof specified in the relevant Final Terms.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent, following the expiry of a period of 40 days after the issue date of the relevant Tranche of the Notes and upon certification as to non-US beneficial ownership.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form at the request of the bearer of such Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events occurs: (a) Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant

Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the relevant Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

Notices: Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/ or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

DESCRIPTION OF GLENCORE CAPITAL LTD.

General

Glencore Capital Ltd. was incorporated under the laws of Bermuda in Bermuda on 28 April 2000. It is a wholly owned subsidiary of Glencore Finance (Bermuda) Ltd., which in turn is wholly owned by Glencore International AG. Glencore Capital Ltd. has an authorised and issued share capital of US\$ 12,000 divided into 12,000 shares of US\$ 1.00 each. Its registered office is at Argyle House, 41A Cedar Avenue, Hamilton HM12, Bermuda, and its telephone number is: +441 295 1128. Glencore Capital Ltd. is registered in Bermuda under number 28393. Its country of jurisdiction is Bermuda. Glencore Capital Ltd. does not have any subsidiaries but does have a participation in Glencore Finance (Europe) S.A.

Glencore Capital Ltd. has been advised that, subject to its compliance with the Bermudan selling restrictions set out in "Subscription and Sale", it will not, under present rules, be subject to any Bermudan taxes and that there is currently no Bermudan withholding tax on payments of principal and interest in respect of the Notes issued by it under the Programme.

Glencore Capital Ltd.'s purpose is to act as a financing company exclusively for the Glencore Group's operations. (See also "Description of Glencore International AG" section below). It also has corporate power to borrow under loans, to issue bonds or notes and to enter into other related transactions. Other than investing the proceeds from the issue of its share capital, it has not undertaken any activities since its incorporation other than becoming a borrower (in certain circumstances) under a US\$ 7,775,000,000 revolving loan agreement and in connection with the establishment of the Programme and the establishment of a European and/or a global standalone commercial paper programme.

Though incorporated in Bermuda, Glencore Capital Ltd. is classified as non-resident in Bermuda for exchange control purposes and, as such, is free to acquire, to hold and sell any foreign currency or other assets (other than property situated in Bermuda) without restriction. The issue and transfer of the Notes of Glencore Capital Ltd. between persons regarded as resident outside Bermuda for exchange purposes may be effected without specific concern under the Bermuda Exchange Control Act 1972 and the regulations made thereunder.

Trend information

There has been no material adverse change in the prospects of Glencore Capital Ltd. since 31 December 2005.

Directors

The Directors of Glencore Capital Ltd. as at 30 June 2006 and their principal activities outside the Glencore Group are:

Name	Position	Other Principal Activities
Steven Kalmin	Director	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited, Director of e-Osn.com Pte Ltd, Director of Microsteel (Proprietary) Limited
Andreas Hubmann	Director	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited
Fiona Gores	Director	Attorney with Appleby Spurling Hunter, Bermuda
Tammy L. Richardson	Director	Attorney with Appleby Spurling Hunter, Bermuda
Juanette Spencer	Director	Account Manager with Reid Management Limited an affiliate of Appleby Spurling Hunter, Bermuda
Michael L. Jones	Director	Attorney and Partner with Appleby Spurling Hunter, Bermuda

The business address of each of the Directors is Argyle House, 41A Cedar Avenue, Hamilton HM12, Bermuda.

As at the date of this Base Prospectus, none of the Directors of Glencore Capital Ltd. has any conflict of interest between their duties to Glencore Capital Ltd. and their other principal activities listed above.

Auditors

Deloitte AG, Zurich has been appointed as statutory auditor of Glencore Capital Ltd.

Financial Statements

Since the date of its incorporation, Glencore Capital Ltd. has prepared and published annual audited non-consolidated financial statements in accordance with IFRS, which may be obtained at the specified offices of the Paying Agents during normal business hours for at least the last two financial years.

Financial Year

The financial year end of Glencore Capital Ltd. is 31 December.

DESCRIPTION OF GLENCORE FINANCE (EUROPE) S.A.

General

On 17 April 2003, Glencore Finance (Europe) S.A. was incorporated for an unlimited duration in Luxembourg as a limited liability company (société anonyme) under Luxembourg law under the name Glencore Finance (Europe) S.A. Glencore Finance (Europe) S.A. is wholly owned by Glencore Finance (Bermuda) Ltd. (96.77%) and Glencore Capital Ltd. (3.22%), both of which are ultimately controlled by Glencore International AG.

Its Articles of Incorporation were published in the Mémorial C, Journal Officiel du Grand Duché de Luxembourg, Recueil des Sociétés et Associations on 12 May 2003 on pages 24453 to 24461. The authorised and issued share capital of Glencore Finance (Europe) S.A. is €31,000 divided into 31 ordinary shares with a par value of €1,000 each. The authorised and issued shares are fully paid up. Thirty shares are owned by Glencore Finance (Bermuda) Ltd. and one share is owned by Glencore Capital Ltd, each being a company existing under the laws of Bermuda, with registered offices at Argyle House, 41A Cedar Avenue, Hamilton HM12, Bermuda. Glencore Finance (Europe) S.A.'s registered office is situated at Allée Scheffer 1, L-2520 Luxembourg, P.O. Box 8 L-2010 Luxembourg and its telephone number is: +352 241 4331. Its correspondence address is at its registered office. Glencore Finance (Europe) S.A. is registered with the Register of Commerce and Companies of Luxembourg under number B-92830.

Business

Glencore Finance (Europe) S.A. has entered into a domiciliation agreement dated on 17 April 2003 (the "**Domiciliation Agreement**") pursuant to which TMF Management Luxembourg S.A. will act as Domiciliation Agent of Glencore Finance (Europe) S.A. and will provide domiciliation and other corporate and administrative services to Glencore Finance (Europe) S.A. The corporate objects of Glencore Finance (Europe) S.A. as set out in Clause 3 in the Articles of Incorporation include the acquisition, holding and disposal of participations directly or indirectly, in any form whatsoever, in Luxembourg companies and/or foreign companies or other entities; the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes or other securities of any kind of instrument and contracts thereon or relative thereto; and the ownership, administration, development and management of its portfolio holdings.

Glencore Finance (Europe) S.A. may in particular:

- acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments representing ownership rights, claims or transferable securities issued by any public or private issuer whatsoever;
- exercise all rights whatsoever attached to these securities and financial instruments;
- grant security interests over its assets;
- finance entities which belong to the same group as Glencore Finance (Europe) S.A., or finance entities in which entities of such group hold participations or an economic interest, in the form of loans, credits, warranties or any other financial assistance;
- borrow or raise money in any currency in order to secure or discharge any debt or obligation in any manner and in particular (without prejudice to the generality of the foregoing) by mortgages of or charges upon all or any part of its undertaking, property, assets (present and future) and uncalled capital of Glencore Finance (Europe) S.A. or by the creation and issue of securities;
- make deposits at banks or with other depositaries; and
- raise funds, issue bonds and notes, in order to carry out its activity within the framework of its corporate object.

Glencore Finance (Europe) S.A. may carry out any transactions, whether commercial or financial, which are directly or indirectly connected with its objects at the exclusion of any banking activity.

In general, Glencore Finance (Europe) S.A. may carry out any operation which it may deem useful or necessary in the accomplishment and the development of its corporate purpose.

Trend information

There has been no material adverse change in the prospects of Glencore Finance (Europe) S.A. since 31 December 2005.

Directors

The Directors of Glencore Finance (Europe) S.A. as at 30 June 2006 and their principal activities outside the Glencore Group:

Name	Position	Other Principal Activities
Steven Kalmin	Director	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited, Director of e-OSN.com Pte Ltd, Microsteel (Proprietary) Limited
Andreas Hubmann	Director	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited
Robert-Jan Schol	Director	Managing Director of TMF
Polyxeni Kotoula	Director	Managing Director of TMF
Jan Willem van Koeverden Brouwer	Director	Director of TMF

The business address of each of the Directors is Allée Scheffer 1, L-2520 Luxembourg, P.O. Box 8 L-2010 Luxembourg, Luxembourg.

As at the date of this Base Prospectus, none of the Directors of Glencore Finance (Europe) S.A. has any conflict of interest between their duties to Glencore Finance (Europe) S.A. and their other principal activities listed above.

Auditors

Deloitte S.A. of 560, rue de Neudorf, L-2220 Luxembourg, Grand-Duchy of Luxembourg, has been appointed as statutory auditor to Glencore Finance (Europe) S.A.

Financial Statements

Since the date of its incorporation, Glencore Finance (Europe) S.A. has prepared and published annual audited non-consolidated financial statements in accordance with Luxembourg Generally Accepted Accounting Principles, which may be obtained at the specified offices of the Paying Agents during normal business hours.

Financial Year

The financial year end of Glencore Finance (Europe) S.A. is 31 December.

DESCRIPTION OF GLENCORE INTERNATIONAL AG

Company Overview

Glencore International AG (“**Glencore**”, “**we**”, “**our**” or “**us**”) is the main operating entity of the group and the direct or indirect holding entity for the operating and finance subsidiaries and industrial investments. Glencore was incorporated in Switzerland under Swiss law on 12 June 1987. Glencore’s registration number is CH-170.3.012.738-3. Its registered office is at Baarermattstrasse 3, CH-6340 Baar, Switzerland, and its telephone number is: +41 41 709 2000. Its country of jurisdiction is Switzerland.

Glencore is a leading privately held, diversified natural resources company with worldwide activities, either directly or indirectly through our subsidiaries, in the smelting, refining, mining, processing, purchasing, selling and marketing of metals and minerals, energy products and agricultural products. We operate on a global scale, marketing physical commodities produced in our directly or indirectly owned industrial assets or purchased from third parties to industrial consumers, such as those in the automotive, steel, power generation, oil and food processing industries. We also provide, either directly or indirectly through our subsidiaries, financing, logistics and other services to producers and consumers of commodities. These activities are supported by substantial strategic direct or indirect investments in industrial assets relating to our core commodities. Our 2005 consolidated revenues and Consolidated Income were US\$ 91,031 million and US\$ 2,560 million, respectively. As of 31 December 2005, our total assets amounted to US\$ 32,381 million. Measured by revenues, we believe we are one of the world’s largest privately held companies.

We conduct our operations in three business groups: Metals and Minerals, Energy Products and Agricultural Products. We believe that along with our subsidiaries, we are the world’s largest physical suppliers of the majority of the metals and minerals which we market.

Additionally, along with our subsidiaries, we believe we are one of the largest non-integrated physical suppliers of crude oil and oil products, as well as the world’s largest suppliers of seaborne steam coal, through our marketing arrangements with our directly or indirectly owned associated companies Xstrata, and our own sourcing and marketing activities. We also believe, that along with our subsidiaries, we are among the world’s leading suppliers of sugar and one of the leading exporters of grain from the European Union, Eastern European countries and the CIS.

Our three business groups are comprised of six commodity departments:

- Our Metals and Minerals business group is composed of three departments: Alumina/Aluminium, Zinc/Copper/Lead and Ferroalloys/Nickel/Cobalt (including noble metals/alloys and bulk ores, which include iron, manganese and chrome ore). The activities of our Metals and Minerals business group are supported by strategic investments, held directly or indirectly, in industrial assets, such as smelting, refining, mining and processing operations.
- Our Energy Products business group is composed of two departments: Crude Oil/Oil Products and Coal/Coke. The activities of our Energy Products business group are supported by direct and indirect ownership interests in several coal mining and oil production operations in strategic geographic locations.
- Our Agricultural Products business group is a single department focused on the purchase and sale of grains (including wheat, maize and barley), edible oils and sugar. The activities of our Agricultural Products business group are supported by indirectly held investments in storage, handling and processing facilities in strategic locations.

For a more detailed discussion of our commodity departments and our directly or indirectly held investments in industrial assets, see “Review of Operations”.

Each of our six commodity departments is responsible for managing the marketing, sourcing, hedging, logistics and industrial investment activities relating to the commodities within such department. The senior managers of each commodity department are responsible for our worldwide operations relating to those commodities and are an integral part of our senior management team.

Our main marketing subsidiaries are located in Baar (Switzerland), Stamford (Connecticut), London, Rotterdam and Singapore. Our marketing and investment activities and relationships with producers and consumers of raw materials are supported by a global network of some 50 subsidiary offices located in more than 40 countries throughout Europe, North, Central and South America, the CIS, Asia, Australia, Africa and the Middle East. This network provides us with significant worldwide sourcing and distribution capabilities. See “Worldwide Office Network – Office and Representation Network”.

History

Glencore was founded in 1974 and initially focused on the physical marketing of ferrous and non-ferrous metals and minerals and crude oil, and shortly thereafter expanded into oil products. In the early 1980s, we acquired an established Dutch grain trading company, which created the basis for our Agricultural Products business group, and later we added coal to our Energy Products group.

Starting in 1987, we developed from a purely physical commodity marketing company into a diversified natural resources group through direct and indirect key acquisitions in mining, smelting, refining and processing in the three principal business groups. Our first equity investment in an industrial asset was made in 1987 when a subsidiary of ours acquired 27% of the Mt. Holly aluminium smelter in the United States. The first controlling interest in an industrial asset was secured in 1988, when a subsidiary of ours purchased a 66.7% interest in a zinc/lead mine in Peru.

We have always been principally or wholly owned by management and key employees. We believe that this ownership structure has been a key element of our successful growth over the past 32 years. Our ownership structure aligns the interests of shareholders and management and fosters a culture of excellence and teamwork. The fact that members of management risk their own capital motivates them to take a long-term view of our overall performance, and to protect the capital of the company. We believe that our consistent profitability, the long-term tenure of our senior management and our prudent risk management are direct results of our management ownership structure.

Competitive strengths

We believe our success has been built upon the following competitive strengths:

Global scope of operations

We believe we are one of the largest and most geographically diverse natural resources companies in the world. Our global network of some 50 subsidiary offices in more than 40 countries and geographically dispersed smelting, refining, mining and processing operations enable us to source, process and physically deliver commodities efficiently throughout the world. Our global office network provides significant competitive advantages by enabling us to penetrate and maintain our presence in local markets, identify strategic investment opportunities, develop a thorough knowledge of market conditions and counterparty quality, and respond quickly to changes in market practices and characteristics. We believe that the global scope of our operations also allows us to take advantage of pricing differences in distinct geographic commodity markets by purchasing and delivering commodities in regions in which a supply or demand imbalance exists. This ability, in conjunction with our and our subsidiaries' worldwide industrial operations, makes us a substantial participant in the flow of natural resources with both producers and consumers of commodities.

Complementary value-added services capability

Our ability to provide a broad range of value-added services to our customers enhances our role as a preferred purchaser or supplier of commodities and strengthens our long-term relationships with our customers. We provide shipping, logistics, inland transportation, storage and marketing services to producers and consumers of commodities. We also arrange working capital and capital expenditure financing for our customers secured by future physical commodity deliveries. We believe that the broad range of value-added services we offer our customers gives us a competitive advantage because these services fulfil the needs of certain customers that do not have the internal capability to achieve these services and cannot outsource these services as seamlessly or efficiently as we can provide them. Furthermore, our ability to arrange for short- and long-term financing for our customers provides us with long-term sources of physical commodities to complement those provided by our directly or indirectly owned industrial assets.

Strategic investments in industrial assets

We, along with our subsidiaries, have an established record of successful strategic investments in industrial assets. These investments have become an important component of our commodity sourcing and marketing activities and value-added services. We, along with our subsidiaries, own and operate industrial assets worldwide, such as smelting, refining, mining and processing operations for aluminium, alumina, zinc, lead, copper, nickel, cobalt, oil and coal. These investments provide us with a long-term, stable supply of raw materials, market intelligence and access to operating and technical know-how. In addition to these investments, we also indirectly invest in industrial assets held by publicly traded companies with which we have long-term, arm's length marketing agreements. For example, we own an approximate 14% common stock interest in Xstrata, which is listed on the London Stock Exchange. In addition to the benefits that ownership of industrial assets provide to our core sourcing and marketing activities, disposals of industrial assets have also significantly contributed to our earnings. As of 31 December 2005, the book value of property, plant and equipment related to our fully consolidated investments in industrial assets was approximately US\$ 3.6 billion and investments in associates (representing our share in the equity in industrial assets where we generally own less than 50%) was approximately US\$ 2.8 billion. Based on our internal valuation analysis of our direct and indirect non-listed investments, and the mark to market valuation of our direct and indirect listed investments, we believe that the current market value of our direct and indirect holdings in industrial assets and listed associated companies exceeded their 31 December 2005 book value by more than US\$ 13.1 billion. The surplus value of our direct and indirect interests in the listed companies Minara Resources (including our indirect interest in Murrin Murrin), Xstrata, Metaleurop and Century Aluminum contributed US\$ 5.5 billion (marked to market value as of 16 June 2006), and US\$ 7.6 billion was represented

by our direct and indirect holdings in non-listed companies, attributable primarily to Kazzinc, Mopani and our various alumina refineries.

Diverse commodity, customer and supply base

We, along with our subsidiaries, market a broad but focused group of commodities to a diverse customer base. The marketed commodities have been the same over the past 25 years, allowing us to develop and build upon our expertise in these commodities and cultivate long-term relationships with key suppliers and customers, creating a broad customer base in diverse industries and in different geographic regions. A major oil company is the single largest customer within the Energy Products Group, which holds Glencore's largest customers. Sales to this company represented 3.5% of our 2005 revenue as compared with 4.3% for 2004. This industrial, geographical, commodity and customer diversity enables the group to operate profitably even during periods in which a particular commodity, industry or geographic region may be experiencing a down cycle. In addition, we and our subsidiaries, benefit from having a broad and geographically diverse supply base, which includes commodities produced by third parties as well as by the portfolio of industrial assets. The geographic diversity of suppliers and our directly or indirectly owned operations mitigates the risk of exposure to any one particular region and helps to ensure a steady supply of commodities for the marketing activities.

Employee ownership structure

We have always been owned wholly or principally by management and key employees. We believe that this ownership structure has been a key element of our successful growth since our inception. Our ownership structure aligns the interests of shareholders and management and has fostered a culture of excellence and teamwork. In addition, employee ownership helps us to attract new employees of the highest calibre and to retain and motivate existing employees. The fact that our management team has a significant amount of capital invested in the company motivates them to take a long-term view of our overall performance and to protect the capital of the company. We believe that our consistent profitability, the long-term tenure of our senior management and our prudent risk management policies are direct results of our management ownership structure.

Barriers to entry

We believe that the scale and global reach required to compete effectively in our industry present barriers to entry and are advantageous to a leading market participant such as Glencore. Substantial amounts of short-term and long-term credit and, increasingly, access to international debt capital markets supported by investment grade ratings from the major rating agencies are advantageous to fund the high volume of physical commodity marketing and investment activities in which we, along with our subsidiaries, participate. Assembling the required logistics capabilities from scratch would be difficult. A reliable supply of commodities must also be established, which necessitates strong relationships with producers that must be developed over a long period of time and financial strength to secure the sourcing arrangements through advances against future deliveries and to fund investments in production facilities. In addition, a global geographic and diversified commodity mix, which is difficult and expensive to achieve, is essential to long-term sustainable success in our business. Moreover, the complexities associated with risk management require significant intellectual capital, which is generally challenging and time consuming to create in, or transfer to, a start-up organisation. These factors favour Glencore over companies with only a regional or pure marketing focus, since we, along with our subsidiaries, have widely diversified global sources of supply, a globally diversified customer base and value-added activities.

Company strategy

Our strategy is to maintain and build upon our position as one of the world's largest diversified natural resources and physical commodity marketing companies. The key elements of our strategy include:

Maintain conservative financial profile and investment grade ratings

Our conservative financial profile and investment grade credit ratings have enabled us to consistently access the bank and international capital markets on competitive terms to obtain necessary funding. We intend to continue to manage our financial position to maintain or to improve our investment grade credit ratings. We intend to continue to maintain sufficient lines of credit and access to commercial paper funding for our working capital needs and to manage our long-term debt levels to reflect the nature of our assets and our other long-term capital requirements.

Maintain geographic scope and diversification of operations

We intend to build upon our position as one of the largest worldwide physical commodity suppliers by continuing to align the geographic scope and diversity of our operations with the evolving flow of natural resources. We believe that the global scope of our directly and indirectly held operations will enable us to continue to supply a diversified range of physical commodities to our existing customer base, develop new relationships with producers and consumers of raw materials and selectively target new business opportunities worldwide.

Capitalise on strategic investments in industrial assets

Our directly or indirectly owned strategic investments in industrial assets are an important component of our physical sourcing and marketing activities and value-added services. While we intend to remain focused on physical commodity sourcing and marketing, we also intend to continue to pursue selective strategic acquisitions and alliances to support and strengthen our core physical marketing and value-added activities as and when opportunities arise. We believe investment opportunities will continue to be created by, among other things, (i) the privatisation of natural resources producers in emerging markets, (ii) voluntary or involuntary spin-offs and realignment of asset portfolios in mergers and acquisitions of producers of natural resources and (iii) the restructuring of natural resources industries. We will continue to apply our investment criteria to our acquisitions, pursuing investments in industrial assets that are of strategic importance to our core business and that are projected to achieve our targeted return-on-capital objectives on a stand-alone basis. We believe that we can continue to identify investment opportunities in which value can be created through application of our market knowledge and operational and technical know-how. Similarly, we continue to evaluate disposals of certain investments in industrial assets, in particular when they are no longer deemed to support our core business or when attractive selling opportunities arise.

Proactively mitigate and manage risk

We operate centralised risk management information systems and have adopted policies which are intended to mitigate and manage commodity price, counterparty and political risks. A substantial portion of the inventory of our group's commodities (which is largely material in transit) is at any time under contract for sale at a pre-determined price or hedged through futures and options transactions. Typically, 70% to 90% of our group's trading inventory is contractually sold at a pre-determined price or hedged through futures and options transactions. In addition, we routinely hedge our group's contractual purchase commitments for commodities to cover the period of time before such commodities are included in our inventory. We reduce the risk of non-payment by our group's customers by imposing limits on open accounts extended to creditworthy customers and imposing credit support requirements for all other customers. We manage our exposure to political risk by obtaining political risk insurance and credit support from creditworthy financial institutions in situations where we believe that obtaining such insurance or credit support is commercially prudent.

Maintain employee ownership structure and senior management team

We intend to maintain our employee ownership structure, which has been a key element of our successful growth. We believe that our ownership structure will continue to create incentives for senior management to seek to maximise the long-term profitability and stability of Glencore and allow us to attract highly qualified employees. The dedication and skills of our people, together with our focus on teamwork, enable us to provide a comprehensive range of commodities and value-added services to our customers on a coordinated global basis. Advancing within Glencore and achieving a shareholding position depend solely on demonstrated ability, performance and contribution to our success. One of our most important assets is our people.

Review of operations

Introduction

We organise our operations by business group: metals and minerals, energy products and agricultural products. The following chart shows the breakdown of our allocable assets, revenues and gross income by business group for each of the last five fiscal years:

	Fiscal Year ended 31 December									
	2005		2004		2003		2002		2001	
	(US\$ in millions)									
Allocable assets: ¹										
Metals and minerals.	14,517	50.8%	11,845	56.6%	7,711	55.2%	4,991	47.1%	4,752	47.8%
Energy products	12,564	44.0%	7,983	38.1%	5,093	36.5%	4,550	42.9%	4,376	44.0%
Agricultural products	1,475	5.2%	1,103	5.3%	1,162	8.3%	1,063	10.0%	820	8.2%
Total allocable assets	28,556	100.0%	20,931	100.0%	13,966	100.0%	10,604	100.0%	9,948	100.0%
Unallocated assets ...	3,825		2,519		1,108		505		732	
Total assets	<u>32,381</u>		<u>23,450</u>		<u>15,074</u>		<u>11,109</u>		<u>10,680</u>	
Revenues:										
Metals and minerals.	26,983	29.6%	26,677	37.1%	23,262	42.5%	18,327	42.0%	15,981	35.9%
Energy products	59,036	64.9%	40,711	56.6%	27,428	50.2%	22,099	50.6%	25,204	56.7%
Agricultural products	5,012	5.5%	4,569	6.3%	3,996	7.3%	3,266	7.4%	3,313	7.4%
Total revenues	<u>91,031</u>	100.0%	<u>71,957</u>	100.0%	<u>54,686</u>	100.0%	<u>43,692</u>	100.0%	<u>44,498</u>	100.0%

Fiscal Year ended 31 December

	2005		2004		2003		2002		2001	
	(US\$ in millions)									
Gross income:										
Metals and minerals.	1,612	56.0%	1,386	53.6%	868	60.1%	542	60.0%	831	48.7%
Energy products.....	1,113	38.7%	1,063	41.1%	400	27.7%	238	26.4%	761	44.6%
Agricultural products	153	5.3%	136	5.3%	176	12.2%	123	13.6%	115	6.7%
Total gross income ² .	<u>2,878</u>	<u>100.0%</u>	<u>2,585</u>	<u>100.0%</u>	<u>1,444</u>	<u>100.0%</u>	<u>903</u>	<u>100.0%</u>	<u>1,707</u>	<u>100.0%</u>

1 Allocable assets are assets which are related to a specific business group. Assets not included herein are either not business group related or they are shared among these business groups and no reasonable basis exists for allocation. We included certain information to conform the presentation to the format used in our financial statements as of and for the year ended 31 December 2005.

2 Gross income from the metals and minerals business group for 2005 includes a loss of US\$ 1 million which is not directly related to our physical commodity marketing activities (as compared to an income of US\$ 93 million for 2004).

Metals and Minerals

Our Metals and Minerals business group is comprised of three commodity departments: Alumina/Aluminium, Zinc/Copper/Lead and Ferroalloys/Nickel/Cobalt (including noble metals/alloys and bulk ores, which include iron, manganese and chrome ore). Through these three commodity departments, we and our subsidiaries, market metals and minerals commodities produced by us or our subsidiaries or purchased from third parties. In addition to marketing activities in these commodities, we hold, directly or indirectly, significant interests in the production of alumina, aluminium, zinc, lead, copper, nickel, cobalt and ferroalloys. Metals and minerals commodities are handled primarily through the Baar office.

Alumina/Aluminium

Through our Alumina/Aluminium commodity department, we and our subsidiaries are involved in all major aspects of alumina and primary aluminium production and marketing. Alumina is the intermediate product used for the production of primary aluminium. Through the physical exchange of bauxite and alumina of different origins, we help to optimise the production systems of a number of integrated alumina and aluminium producers.

We believe, we, along with our subsidiaries, are the fourth largest producer of alumina, with annual capacity in excess of 4.5 million metric tons. We believe that along with our subsidiaries, we are the second largest supplier in the third-party alumina market, supplying, together with our purchased alumina (excluding swaps), a total volume of 7.5 million metric tons and 6.7 million metric tons in 2005 and 2004, respectively.

Primary aluminium is further processed by customers for use in the aerospace, construction, transportation and packaging industries, as well as in numerous other industrial applications. We believe, we are, along with our subsidiaries, the second largest physical supplier of third-party aluminium in the world, marketing physical volumes of 2.4 million metric tons in each of 2005 and 2004.

As part of our alumina and aluminium business activities, we own directly and indirectly significant interests in production facilities.

Alumina. Our subsidiaries own and operate 100% of the Aughinish alumina refinery in Ireland (annual capacity of 1.85 million metric tons), 93% of the Winalco bauxite mine and alumina refinery in Jamaica (annual capacity of 1.265 million metric tons), 65% of Aluminium Partners of Jamaica joint venture (Alpart) (annual capacity of 1.65 million metric tons) and 44% of the Eurallumina alumina refinery in Italy (annual capacity of 1.1 million metric tons). In addition to these facilities, we, along with our subsidiaries, purchase alumina from the Government of Jamaica under a long-term contract and from other major producers, such as Alcoa. Our customer base is diverse and geographically dispersed and includes Alcan, Russian Aluminium, Century Aluminum, Comalco, Corus and Hydro Aluminium, among others. The majority of alumina sales are made pursuant to multi-year contracts.

Aluminium. Our subsidiaries own and operate the Columbia Falls aluminium smelter in Columbia Falls, Montana and the Evergreen aluminium smelter (formerly known as Vanalco) in Vancouver, Washington, with annual capacities of 168,000 and 115,000 metric tons of primary aluminium, respectively. In 2003, production at Columbia Falls was cut to 20% of capacity due to the continuing high costs of energy and an increase in the price of alumina. The Evergreen facility is currently shut down due to the high level of energy prices in the northwest region of the U.S. A subsidiary of ours also owns and operates 100% of the Kubikenborg Aluminium AB (Kubal) aluminium smelter in Sweden, with an annual capacity of 102,000 metric tons of primary aluminium and an additional 15,000 metric tons casthouse capacity.

In addition, one of our subsidiaries owns a 29% equity interest in Century Aluminum, a NASDAQ-quoted company. Century Aluminum's assets include the Ravenswood aluminium smelter in Ravenswood, West Virginia (170,000 metric tons annual capacity of primary aluminium), a 49.7% equity interest in the Mt. Holly aluminium smelter in Mt. Holly, South Carolina (222,000 metric tons annual capacity of primary aluminium), a

100% equity interest in the Hawesville aluminium smelter in Hawesville, Kentucky (244,000 metric tons annual capacity of primary aluminium), a 100% equity interest in the Nordural aluminium smelter in Iceland (currently 90,000 metric tons annual capacity of primary aluminium with an expansion scheduled to increase production to an annual capacity of 180,000 metric tons of primary aluminium in 2006) and a 50% equity interest in the Gramercy Alumina Refinery in Louisiana (1,250,000 metric tons annual capacity of alumina). We, along with our subsidiaries, have long-term contracts with Century Aluminum for the supply of alumina to the Ravenswood and Mt. Holly aluminium smelters and for the purchase of primary aluminium produced at the Mt. Holly smelter.

We believe that our and our subsidiaries' supply sources are well-diversified, with major suppliers including Russian Aluminium, Alcoa, Alcan and Hydro Aluminium. Typically, no supplier accounts for more than 15% of our aluminium purchases. Our customer base is also well-diversified, with our largest customers including Alcoa, Hydro Aluminium, Alcan, Sapa, BHP Billiton and Matsushita. Typically, no single customer accounts for more than 10% of our aluminium sales.

Zinc/Copper/Lead

We and our subsidiaries produce and market zinc, copper and lead concentrates, which are the raw materials used to produce zinc, copper and lead metals. These concentrates are produced from our directly or indirectly owned mines as well as purchased from third parties. We, along with our subsidiaries, also market zinc, copper and lead metal produced from our directly or indirectly owned concentrates and concentrates of third parties which are either processed through our directly or indirectly owned refining facilities or purchased from third parties.

The marketing of these commodities is global, involving commodity flows from raw material producing countries, such as Canada, Australia and South American countries, to areas of consumption such as Western Europe, the U.S., Japan and, increasingly, China and Southeast Asia, where these raw materials are smelted and refined to finished metals. In addition, we sell the resulting by-products of processing, e.g., refined silver and gold.

Zinc/Lead Concentrates. We and our subsidiaries are a leading supplier of zinc and lead concentrates, marketing physical volumes of 2.3 million and 2.0 million metric tons of zinc concentrates and 612,000 and 500,000 metric tons of lead concentrates in 2005 and 2004, respectively.

About 60% of our total volume of zinc and lead concentrates is sourced from South America. Our and our subsidiaries' supply sources are well diversified with no single third party supplier representing more than 10% of purchases. Our subsidiaries operate the Los Quenuales (Iscazacruz and Yauliyacu) and Perubar (Rosaura) mines in Peru, of which 97% and 85% is owned, respectively. The combined annual production capacity of those mines is 393,000 metric tons of zinc concentrates and 62,000 metric tons of lead and bulk concentrates. One of our subsidiaries owns 100% of the Sinchi Wayra Group ("Sinchi Wayra"), which operates 5 mines in Bolivia, producing 241,000 metric tons of zinc concentrates and 15,000 metric tons of lead concentrates. Sinchi Wayra also operates a 12,000 metric ton per annum tin smelter, treating concentrates from Sinchi Wayra operated mines and third parties.

Purchases are usually long-term frame contracts based on London Metal Exchange (LME) pricing. In Peru, one of our subsidiaries owns and operates a warehousing and loading operation at the Port of Callao which allows us flexibility in both purchasing and distribution of the concentrates.

Zinc/Lead Metal. We and our subsidiaries are involved directly and indirectly in the marketing of approximately 1.3 million and 1.0 million metric tons of zinc metal and 279,000 and 200,000 metric tons of lead metal in 2005 and 2004, respectively.

We and our subsidiaries produce and market zinc metal which is mainly used for galvanising steel as a coating for the prevention of corrosion and for the production of brass and other alloys, and lead metal which is mainly used in lead acid (automotive) batteries. We believe, we, along with our subsidiaries, are the largest physical supplier of these metals.

Our subsidiaries own 99% of and operate the integrated zinc and lead metal complex, Kazzinc, in Kazakhstan. This complex has an annual production capacity of 288,500 metric tons of zinc metal and 130,000 metric tons of lead metal.

One of our subsidiaries also owns and operates Portovesme S.r.L., a custom smelting operation in Sardinia, Italy, with a production capacity of 120,000 metric tons of zinc metal and 80,000 metric tons of lead metal. We own some 14% of Xstrata, which owns the Asturiana de Zinc and Nordenham zinc, smelters with capacities of 492,000 metric tons and 145,000 metric tons, respectively (see "Summary of Industrial Assets-Investment in Xstrata" below). Xstrata also produces 350,000 metric tons of refined lead metal annually. In addition to the purchases and distribution agreements from the above-mentioned assets, we, along with our subsidiaries, purchase zinc and lead metal, primarily on long-term contracts based on LME pricing from Australia, Namibia, Russia, China and South America. These metals are sold in Western Europe, Japan, Southeast Asia and the U.S. to steel mills, general galvanisers, brass producers and lead acid battery manufacturers.

One of our subsidiaries has acquired 100% of the Aguilar/Sulfacid group in Argentina, an integrated zinc, lead and tin mine and smelting operation. This group has an annual production capacity of 43,000 metric tons of zinc metal and 11,000 metric tons of lead metal.

Copper Concentrates. We, along with our subsidiaries, produce, process and market approximately 1.9 million metric tons of copper concentrates annually. Copper concentrates are the primary raw material used in the production of copper cathodes. In addition to our and our subsidiaries' third party purchases of copper concentrates, one of our subsidiaries owns 100% of the Cobar Group mine in Australia with a production capacity of 150,000 metric tons of concentrates annually, and we, through subsidiaries, have a production capacity of 330,000 metric tons annually at Kazzinc. Our main sources of third-party copper concentrates are Australia, Indonesia, Chile, Mongolia, Southern Africa and Brazil.

Copper Metal. We and our subsidiaries market approximately 1.2 million metric tons of copper metal annually. Copper metal is primarily used for electrical cabling, the production of brass and other semi-finished sheets and profiles. We, along with our subsidiaries, distribute copper metal from our directly or indirectly owned refineries, including Pasar, a refinery in the Philippines with a production capacity of 182,500 metric tons of cathodes annually and Mopani, an integrated mining, smelting and refining complex in Zambia with a production capacity of 208,000 metric tons of cathodes annually (260,000 metric tons annually following completion of expansion). We and our subsidiaries also purchase a large quantity of copper metal from third party refineries mainly located in Chile, Russia, India and Australia. We also have a long-term distribution agreement with Xstrata's Mt. Isa copper refinery, with a production of 240,000 metric tons of copper cathodes per year (see "Summary of Industrial Assets-Investment in Xstrata" below).

Ferroalloys/Nickel/Cobalt

Through our Ferroalloys/Nickel commodity department, we, along with our subsidiaries, produce and market bulk ferroalloys (including ferrochrome, ferromanganese, silicon manganese and ferrosilicon), silicon alloys, noble alloys (such as vanadium pentoxide, ferrovandium, ferromolybdenum and molybdenum oxide), nickel and cobalt.

Ferroalloys. Bulk ferroalloys are primarily used in the production of stainless and carbon steel. We believe, we, along with our subsidiaries, are the largest physical supplier of bulk ferroalloys worldwide, marketing a physical volume of 1.7 million metric tons in 2005 and 1.6 million metric tons in 2004. We believe that we, along with our subsidiaries, have a world market share in excess of 25% in ferrochrome. To support our ferrochrome marketing activities, we hold an approximate 14% interest in Xstrata, which owns ferrochrome industrial assets in South Africa (Wonderkop, Gemini, Rustenburg, Lydenburg and Boshhoek Plants), with an annual capacity in excess of 1.6 million metric tons (see "Summary of Industrial Assets-Investment in Xstrata" below). These South African investments represent our primary source of ferrochrome. The customer base for ferrochrome is widespread, with Europe typically representing 40% to 45%, Asia 40% to 45% and the United States 15% to 20% of the market. Major clients include steel mills such as Thyssen Krupp, Arcelor, Outokumpu and Acerinox in Europe, Allegheny Ludlum, AK Steel and Carpenter Technology in the United States and Yieh United, Posco, Nippon Steel, Nisshin Steel, JFE and Baosteel in Asia.

We, along with our subsidiaries, are also a major supplier of silicon alloys, which are used in the production of carbon steel. The major source of ferrosilicon is our indirectly owned production facility in South Africa, Silicon Technology, which a subsidiary of ours fully owns with local management. Our customers are major steel mills in Europe, Asia and the United States.

We and our subsidiaries are also a leading participant in the worldwide noble alloys market. Noble alloys, such as vanadium pentoxide and ferrovandium, are used as hardening elements in the production of carbon and special steels. We, along with our subsidiaries, marketed some 15,000 and 16,000 metric tons of noble alloys in 2005 and 2004, respectively. Through our investment in Xstrata, we indirectly hold industrial noble alloys production assets in South Africa (at Vantech and Rhoex, see "Summary of Industrial Assets-Investment in Xstrata" below). These alloys are sold globally in small lots to a large number of steel mills.

Nickel and Cobalt. Nickel is used primarily in the production of stainless and other steels. We believe we and our subsidiaries are one of the largest globally active physical supplier of nickel, ferronickel and other nickel products, with annual traded volumes of some 125,000 metric tons and 130,000 metric tons marketed in 2005 and 2004, respectively. Major suppliers are located in Australia, the CIS, Finland, South Africa and Brazil. Major clients include large steel mills in Japan, Italy, Germany, China, England, South Africa, Spain, France, Taiwan and South Korea.

Cobalt is used in the production of high speed, tool steel and specialised aerospace alloys. We, along with our subsidiaries, are currently one of the major global suppliers of cobalt, with trading volumes of some 7,000 metric tons in 2005 and some 6,000 metric tons in 2004. We, along with our subsidiaries, source our cobalt requirements primarily from Zambia, Australia, Brazil and the United States. Major customers include Sony, Matsushita, OMG, Umicore, Shepherd Chemical and PCC Airfoils.

To support our nickel and cobalt physical marketing activities, a subsidiary of ours controls 40% of the Murrin Murrin nickel/cobalt mining and refining project in Western Australia, with an annual target capacity of 40,000 metric tons of nickel and 3,000 metric tons of cobalt. The project has experienced levels of production lower

than capacity due to technical difficulties. Currently, we indirectly own a further 30.3% of Murrin Murrin through a 50.5% interest in Minara Resources, publicly traded on the Australian Stock Exchange, which owns the remaining 60% of the Murrin Murrin project. Murrin Murrin is currently producing at around 85% of its target production capacity. The project is progressing to reach its target production capacity. A subsidiary of ours also owns 73% of Mopani Copper Mines in Zambia, with an annual capacity of over 2,200 metric tons of cobalt.

Energy Products

Our Energy Products business group is comprised of two commodity departments: Crude Oil/Oil Products and Coal/Coke. Through these commodity departments we, along with our subsidiaries, physically market crude oil and oil products such as fuel oil, heating oil, gasoline, naphtha, jet fuel and liquefied petroleum gas, as well as coal and coke. Energy products commodities are marketed and coordinated primarily through our subsidiary offices in London, Baar, Stamford and Singapore.

Crude oil/Oil Products

We and our subsidiaries have significant activity in crude oil and refined petroleum products across the world and, over the two past years, have broadened these activities to include natural gas in the U.S. and Europe.

We believe that along with our subsidiaries, we are one of the largest non-integrated physical suppliers of crude oil and oil products worldwide, supplying a physical volume of 2.7 million barrels per day in 2005 and 2.5 million barrels per day in 2004. We and our subsidiaries handle the physical supply of some 3.0% of the world's oil consumption, including both crude and refined products. Supplies are acquired through long-term contracts from the major producing countries, at times via structured pre-finance agreements, as well as by short-term agreements. We, along with our subsidiaries, deliver to a variety of customers, including the major oil companies, state purchasing agencies and industrial end-users. Our subsidiaries operate over 100 vessels under long term time charter, which enhances our marketing activities. We, along with our subsidiaries, store oil in over 50 tank farms worldwide.

Significant trading partners are the major oil companies such as ENI, BP, Total, ExxonMobil, Shell, Sunoco and Chevron, as well as national oil companies such as IOC (India), NNPC (Nigeria), Petrobras (Brazil), and PMI (Mexico). In addition to the major oil companies, crude oil and oil products are sold to a diverse customer base, including electric utilities and oil refineries.

During 2005, Glencore through its subsidiaries acquired 40 to 49% interests in various oil producing subsidiaries of OAO Russneft for a total consideration of US\$ 972 million. Additionally, Glencore subsidiaries have provided as of 31 December 2005, US\$ 554 million of long term loans to Russneft. The loans will be repaid through a combination of pre-export finance facilities to be raised in the banking market and cash flow from operations. Through our subsidiaries, we market crude oil and oil products exported from Russia by Russneft.

Gas

Our subsidiaries are active in supplying natural gas to industrial consumers delivered via pipeline in the United States, United Kingdom and Continental Europe. While small when compared with our oil marketing activities, our gas business is expanding and we believe it is likely to expand further.

Coal/Coke

We believe that we, along with our associates, are the world's largest supplier of seaborne coal. We supplied physical volumes of some 70 million metric tons and 65 million metric tons in 2005 and 2004, respectively, in addition to some 87 million metric tons and 85 million metric tons in 2005 and 2004, respectively, produced by our directly or indirectly owned associated companies Xstrata (see "Summary of Industrial Assets-Investment in Xstrata" below) and Cerrejon Coal Company, which was sold to Xstrata for US\$ 1.7 billion during May 2006. In addition, during 2005, we, along with our subsidiaries, were the exclusive marketing agent for third parties representing a further 20 million tons.

We have investments in coal mining operations in Colombia, where our subsidiaries own 100% of Prodeco (annual capacity of up to 5.0 million metric tons of coal) and 100% of Carbones de La Jagua (annual capacity of up to 2.5 million metric tons of coal, acquired in January 2005).

We also own some 14% of Xstrata, which has investments in coal mining operations in Australia, Colombia and South Africa (see "Summary of Industrial Assets-Investment in Xstrata" below). Through these direct and indirect investments, we have a combined current annual production of approximately 87 million metric tons. Other sources of steam coal are based on purchase contracts with major mining companies in South Africa, the CIS, Australia, Colombia and Indonesia.

We and our subsidiaries supply steam coal to major public utilities in Spain, Denmark, Belgium, France, Italy, England, Hong Kong, Japan, Taiwan, China, South Korea and the Philippines. We, along with our subsidiaries, also sell coal to major cement producers, steel mills, chemical plants and other industrial users throughout the world.

Agricultural Products

Grain and Oilseeds. We, along with our subsidiaries, have a long-established presence in the worldwide grain and oilseeds export markets, including physical marketing of wheat, corn, barley, oilseeds, protein meals, edible oils and rice. The global market for these products is fragmented, particularly on the supply side, and in certain regions we purchase grains directly from individual farmers. We, along with our subsidiaries, produced and marketed a physical volume of some 25 million metric tons and 21 million metric tons of grain and oilseeds products in 2005 and 2004, respectively.

We and our subsidiaries are a leading exporter of grain and oilseeds from the European Union, Eastern Europe, the CIS, Argentina and Australia. To support these activities our subsidiaries operate inland storage and ship loading facilities throughout these regions. In the Ukraine we, along with our subsidiaries, have access to 30 silos with a combined capacity of 1.8 million metric tons and we, along with our subsidiaries, have a long-term relationship with the Odessa sunseed crushing plant with an annual capacity of 240,000 metric tons. In Russia, one of our subsidiaries owns the Rostov grain elevator and flour mill and 8 inland elevators. In the United Kingdom, the business is supported by a long term agreement in the port of Tilbury, and in Scotland our warehouses and dryers condition malting barley to serve the local malting and distilling industry.

In Argentina, one of our subsidiaries owns the Moreno Group whose facilities include a network of interior elevators, a deepwater export terminal in the port of Bahia Blanca and four sunseed/soybean crushing plants. Moreno's total annual crushing capacity is 2.0 million metric tons with 90% of its production exported. Our indirectly owned rice milling activity consists of four mills, two each in Argentina and Uruguay, with a combined annual capacity of 220,000 metric tons. These plants mill paddy rice into milled rice for export primarily to Brazil.

The grain we and our subsidiaries source is marketed in Asia, the Middle East and North Africa. Dedicated grain marketing staff are present in more than 10 countries.

Sugar. We, and our subsidiaries, are a leading participant in the global sugar business, marketing approximately 0.7 million metric tons per annum during the last 5 years. Through our subsidiaries, we are involved in both raw sugar and white sugar as well as being involved in the processing of raw sugar into white sugar.

Our sugar business activities are coordinated through our subsidiary in London. We, along with our subsidiaries, source our sugar mainly from Brazil, Thailand and India. Main destinations include Russia, Indonesia and the Red Sea region. Through our subsidiaries, we are involved in the local distribution of sugar in India and Russia.

Summary of industrial assets

Through our subsidiaries, we have an established record of successful strategic investments in industrial activities, which have become an important component of our physical marketing activities and value-added services. While we, along with our subsidiaries, intend to remain focused on physical commodity sourcing and marketing, we intend to continue to pursue selective strategic acquisitions and alliances to support and strengthen our core physical marketing and value-added activities as and when opportunities arise. We capitalise on investment opportunities created by, among other things, (i) the privatisation of natural resources producers in emerging markets, (ii) voluntary or involuntary spin-offs and realignments of asset portfolios in mergers and acquisitions of producers of natural resources and (iii) the restructuring of natural resources industries. We evaluate each investment opportunity in an industrial asset on a stand-alone basis and based upon its potential for supporting and strengthening our physical marketing activities.

Summary of investments in industrial assets (other than Xstrata)

The table below shows our directly or indirectly held principal investments in industrial assets as of 16 June 2006 (certain of the names of the companies listed in the chart below have been abbreviated from those noted in our consolidated financial statements):

Company	Country	Commodity	Annual Production Capacity	Glencore's Indirect Ownership Interest	Remaining Ownership Interest
(MT = metric tons)					
Alumina/Aluminium					
Century Aluminum	U.S.	Aluminium	615,000 MT	29%	71% publicly traded
Columbia Falls	U.S.	Aluminium	168,000 MT ¹	100%	—
Kubal	Sweden	Aluminium	102,000 MT	100%	—
Eurallumina.....	Italy	Alumina	1,080,000 MT	44%	56% Comalco (Rio Tinto subsidiary)
Evergreen.....	U.S.	Aluminium	115,000 MT ²	100%	—
Aughinish	Ireland	Alumina	1,850,000 MT	100%	—
Winalco	Jamaica	Alumina	1,265,000 MT	93%	7% JBM (Jamaican government)
Alpart.....	Jamaica	Alumina	1,650,000 MT	65%	35% Hydro Aluminium
Zinc/Lead/Copper					
Los Quenuales (Iscaycruz and Yauliyacu mines)	Peru	Zinc concentrates Lead concentrates	360,000 MT 42,000 MT	97%	—
Perubar.....	Peru	Zinc concentrates Lead concentrates	33,000 MT 20,000 MT	85%	15% publicly traded
Kazzinc	Kazakhstan	Zinc metal Lead metal Copper concentrates	288,500 MT 130,000 MT 330,000 MT	99%	1% privately held
Portovesme.....	Italy	Zinc metal Lead metal	120,000 MT 80,000 MT	100%	—
Cobar.....	Australia	Copper concentrates	150,000 MT	100%	—
PASAR	Philippines	Copper metal	182,500 MT	73%	22% Philippine Mining Companies, 5% IFC, 4% NDC (Philippine government)
Mopani Copper Mines	Zambia	Copper metal Cobalt	208,000 MT 2,200 MT	73%	17% First Quantum, 10% Zambian government
Sinchi Wayra	Bolivia	Zinc concentrates Lead concentrates Tin metal	241,000 MT 15,000 MT 12,000 MT	100%	—
Aguilar/Sulfacid.....	Argentina	Zinc metal Lead metal	43,000 MT 11,000 MT	100%	—
Ferroalloys/Nickel					
Minara Resources	Australia	Nickel metal Cobalt	40,000 MT ³ 3,000 MT ³	50%	50% publicly traded
Murrin Murrin Joint Venture	Australia	Nickel/cobalt	See Minara Resources above	40%	60% Minara Resources (see above)

Company	Country	Commodity	Annual Production Capacity	Glencore's Indirect Ownership Interest	Remaining Ownership Interest
(MT = metric tons)					
Coal					
Prodeco	Colombia	Coal	5,000,000 MT	100%	—
La Jagua Coal Company ...	Colombia	Coal	2,500,000 MT	100%	—
Oil and oil products					
Various oil producing operations of Rusneft.....	Russia	Oil	245,000 bbls/day	40%-49%	51% – 60% OAO NK Rusneft
Edible Oils					
Moreno Group.....	Argentina	Edible oils	2,000,000 MT	100%	—

1 The Columbia Falls aluminium smelter is currently operating at 20% of capacity.

2 The Evergreen Aluminium smelter is currently idle.

3 The Murrin Murrin Joint Venture project is currently operating at approximately 85% of target capacity.

Investment in Xstrata – Summary

We currently own some 14% of Xstrata, a publicly traded company listed on the London Stock Exchange. Xstrata is an international natural resources group that has significant market share in seaborne coal, zinc, copper and primary vanadium production and has a leading market share in ferrochrome production.

Although we hold less than 20 percent of the voting rights, we exercise significant influence by virtue of our representation on Xstrata's board of directors and accordingly we account for Xstrata using the equity method.

In addition to our position as a significant shareholder of Xstrata, we have important commercial relationships with Xstrata, which include long-term marketing commitments on an arm's length basis for a number of the commodities which we produce and market. We have a long-term market advisory agreement with Xstrata whereby we act as Xstrata's market advisor with respect to its export production of coal.

In June 2003, we entered into an equity swap arrangement by which we retained only an economic exposure to some 24% of Xstrata's shares. On December 2, 2004, we exercised our right to extend the maturity of the swap until December 2, 2006. It is our current intention to purchase the shares (i.e. cash in the swap and acquire the underlying shares). The associated net cash outflow would be the swap notional amount of GBP 662 million, with this amount likely to be financed by new long term bank loans.

In May 2006, Xstrata announced an offer to acquire the balance of shares outstanding in Falconbridge, not already owned by it. Shortly after the announcement, Xstrata completed a placement of shares, as a result of which our economic exposure related to our investment in Xstrata was diluted from 37.6% to 35.8% (now 14.3% is held directly and 21.5% indirectly via the equity swap). If the offer is successful, Xstrata has announced that capital raisings would be required and it is likely that we would follow our rights in this regard.

The equity swap is considered a derivative and is carried at fair value with movements in fair value recorded in the income statement.

We also retain an obligation to settle on a monthly basis an amount based on the swap's initial nominal share value of GBP 662 million (2005: US \$ 1.1 billion, 2004 US \$ 1.2 billion) at a rate of US \$ Libor plus a premium.

Xstrata's Assets

For information on Xstrata's principal investments in industrial assets and further information regarding Xstrata, please refer to Xstrata's public filings.

Worldwide office network

Organisation

The three business groups described above report to senior management at the corporate level, and are supported by the finance department. All activities related to a specific commodity, including physical trading activities, hedging, logistics and industrial investments, are managed by the relevant commodity department. Each commodity department is under the direction of either a single senior manager or two senior co-managers.

Our finance department is headed by the Chief Financial Officer based at our head office in Baar. Finance and accounting staff in each principal location (Baar, London, Rotterdam and Stamford) handle the day-to-day finance and accounting tasks related to the business activities conducted out of that location. The proximity of the local finance and accounting staff to the marketing and logistics activities is important in order to ensure prompt and professional handling of the finance and accounting activities related to the specific commodity.

The head office finance staff handle (i) funding activities based on our corporate credit, such as our syndicated loan facilities and debt capital market transactions, (ii) coordination of the worldwide treasury, hedging and credit and exposure management activities, (iii) due diligence, structuring and execution of acquisitions or disposals of industrial investments, (iv) presentation of our financial statements to lenders (banks and insurance companies) and rating agencies, (v) relationships with Glencore's lenders and with rating agencies, and (vi) assets and liabilities management of our consolidated balance sheet and compliance with covenants. The head office accounting staff are responsible for (i) financial accounting, i.e. the preparation of the financial statements of the legal entities, (ii) preparation of our consolidated financial statements, (iii) management information related to the performance of each individual commodity department, (iv) reporting throughout the entire group, (v) tax issues and (vi) the worldwide relationship with our independent auditors.

Office network

Relationships with producers and consumers of raw materials are the responsibility of senior managers, who receive support from our global network of some 50 subsidiary offices in over 40 countries. As shown below, these subsidiary offices are located in major American, European, Asian, African and Middle Eastern natural resources producing and consuming markets. Some of these subsidiary offices also oversee local logistics, including supervision of shipments, initial quality control, local authority liaison and shipping documentation. As of [16 June] 2006, our global network comprised the following subsidiary offices:

Europe	Former Soviet Union	Asia/Australia	Americas	Middle East and Africa
Ankara	Almaty	Beijing	Asuncion	Casablanca
Avon	Baku	Hong Kong	Bermuda	Dubai
Baar	Kiev	Jakarta	Bogota	Johannesburg
Brechin	Moscow	Manila	Buenos Aires	
Bucharest		Melbourne	Houston	
Budapest		Mumbai	La Paz	
Gdansk		Singapore	Lima	
Istanbul		Sydney	Los Olivos	
London		Taipei	Mexico City	
Madrid		Tokyo	Montevideo	
Milan			Pittsburgh	
Rotterdam			Quito	
Sofia			Rio de Janeiro	
Stockholm			Santiago	
Thame			Stamford	
Warsaw				
Zagreb				

Our global office network significantly enhances our worldwide sourcing and distribution capabilities. It also secures key competitive advantages by enabling us to penetrate and maintain our presence in local markets, identify strategic investment opportunities, develop excellent knowledge of trading conditions and counterparty quality, and respond quickly to changes in market practices and characteristics. Our close proximity to our suppliers and customers is one of our key strengths.

Logistics and handling of physical shipments

Efficient logistics management and networks are crucial elements of our business that can create significant cost advantages and thus represent an important competitive advantage.

The following is a description of typical procedures which we and our subsidiaries utilise for the shipment of commodities, which may differ in details depending on the nature of the physical commodity involved. Physical sourcing and marketing of commodities requires highly professional handling of logistics of shipments of goods from the supplier to the customer, including storage activities. Typically, staff handling the physical movement of goods (so-called "traffic staff") accounts for more than half of the headcount of a commodity department and each traffic person handles a number of individual physical shipments simultaneously.

Once a purchase or sales contract is consummated, the contract terms are entered into our traffic administration computer system. The entry is reviewed by traffic staff and a commodity controller, who typically is an accountant dedicated or assigned to the commodity department, in coordination with the department management and, if necessary, the finance department, to ensure it correctly reflects the relevant information regarding the transaction, including credit terms if applicable. A hard copy file is established and overseen by a member of the traffic staff. Depending on the nature and volume of the physical flow of the commodity handled by the department, specific traffic staff members would be dedicated to handling specific geographical areas or specific products (e.g., aluminium sourced in Brazil, aluminium ingots or car wheel alloys). From this point, the traffic person is responsible for the execution of the physical movement of the goods.

Once the execution of the contract enters the active phase, i.e., the lifting/delivery period approaches, the traffic person, together with the department management or senior traffic staff, determines the physical allocations of matches between purchases and sales, or inventory storage and sales, by determining within the unit management system of the commodity department where the physical units of the commodity allocated to the specific contract will be sourced from and where they will be shipped to.

At this stage in the process, the traffic person, together with our chartering experts, approaches the freight market through a freight broker to locate and charter an appropriate vessel, capable, among other things, of handling the volume and form or shape of the commodity and entering the port facilities from and to which the commodity is to be shipped. The traffic person also determines, in coordination with the supplier's traffic staff, when the commodity and the port facilities are ready for loading. Arranging for bunker fuel for the vessel, providing sailing orders to the master of the vessel, dealing with port authorities and customs brokers and liaising with our insurance experts on insurance coverage are all part of the traffic staff's duties on a cargo shipment.

We employ port captains, who assist the traffic staff in reviewing vessels, port facilities and other relevant logistics elements, to determine handling capabilities. The traffic person also makes arrangements for inland transportation as required. The traffic person maintains responsibility for monitoring the progress of the physical shipment from the point in time of loading until the discharge of goods to the customer. Where appropriate, the traffic person is also responsible for monitoring warehouse activity, communication with the warehouse operator, arranging for insurance of goods stored, physical count of quantity stored and other aspects of the storage of the commodity.

The other major task of the traffic staff is to handle, with the assistance of the finance staff where necessary and appropriate, the financial aspects of the shipment. This includes: ensuring that the appropriate payment and security instruments are issued and operative (e.g. letters of credit); ensuring that proper insurance coverage is available and performing the related tasks, including making required declarations; ensuring that shipping documents, including bills of lading, certificates of origin, invoices and other documents, are promptly issued and handled; and monitoring the collection or execution of payments, including freight, insurance, banking and other related charges. Following the execution of the physical shipment, the traffic staff is responsible for the preparation of a complete transaction file, which is then transferred to the accounting department for calculation of income.

Competition

Physical commodity marketing is a volume-driven business requiring highly professional risk management, substantial financial resources, market knowledge and product and logistical expertise.

We believe that there is no other physical commodity sourcing and marketing company as widely diversified and as globally active as Glencore. Most commodity marketing companies are niche players that only focus on a specific commodity group or geographic area, or concentrate more heavily on commodity-related industrial activities such as mining, smelting, processing, refining and food processing.

In view of our diversification in different commodities groups and global geographical presence, no adequate comparable company or peer group can be defined as competing directly with us. However, three types of physical commodity marketing companies compete indirectly or directly in certain limited markets with us. These include:

- Large participants active in specific markets only and not as widely diversified as Glencore, such as Bunge, Cargill, Louis Dreyfus Group and Vitol;
- Captive marketing vehicles of major oil and metals producers and processors, such as Shell, BP Amoco, Alcoa and Alcan; and
- Smaller commodity marketing companies whose operations are limited to a particular commodity and/or to a particular geographic area.

Employees

As of 31 December 2005, we directly or indirectly employed 2,038 people worldwide, excluding people employed in the operations of our directly and indirectly owned industrial assets. The employees include department managers, support staff and employees in the subsidiary offices, as well as the management and staff comprising our finance departments. The following table indicates the distribution of our employees by geographic region:

Employees by geographic region

Region	As of 31 December 2005	As of 31 December 2004
Europe	982	962
U.S.A.	194	171
Latin America.....	197	179
Africa	26	28
Asia.....	246	221
Australia.....	18	14
Commonwealth of Independent States (former Soviet Union)	390	470
Total.....	<u>2,038</u>	<u>2,045</u>

Properties

We lease our headquarters offices in Baar, Switzerland, as well as offices in major locations such as London, Rotterdam and Stamford, under long-term lease agreements.

Insurance

We maintain a number of key insurance policies that we believe are commercially appropriate to cover the risks associated with our business operations. Our philosophy is to maintain comprehensive insurance protection with leading international insurance markets. Deductibles are generally kept at a low level and, therefore, the extent of self-insured retention is minimal. The vast majority of our insurance policies are underwritten through the Lloyd's market and other major European and international insurance companies. We maintain an insurance portfolio that covers both physical assets and liability exposures. Our principal insurance policies can be categorised as follows:

Cargo insurance

Cargo insurance policies cover the risk of physical loss or damage to commodities traded by us during transportation (marine and land based), storage and processing. These policies provide comprehensive protection with limits up to US\$ 100 million any one shipment or location.

Property insurance

Where appropriate, property damage coverage is arranged for investments in property and industrial assets, which generally includes business interruption exposures.

Marine liability insurance

Third party marine liability coverage is purchased to provide protection in relation to vessel chartering activities, with a limit of US\$ 100 million per event and a US\$ 15,000 deductible. With respect to marine pollution, we have coverage for an additional US\$ 400 million per event in excess of the US\$ 100 million under the main policy.

General third party liability insurance

Our marine and non-marine liability policy is designed to afford broad and comprehensive third party liability coverage for all activities. Coverage includes protection for product liability, bodily injury, personal injury and pollution (land based), with a combined limit of US\$ 225 million. This policy provides additional coverage in excess of the above mentioned marine liability policies, and in relation to non-marine liabilities, this policy provides coverage in excess of:

- US\$ 50,000 in relation to non-U.S. commodity trading activities;
- US\$ 500,000 in relation to U.S. commodity trading activities; and
- the higher of US\$ 1 million or the limit of any local liability policies in relation to investments in industrial assets.

Directors and officers liability insurance

Directors and Officers Liability Insurance is a worldwide policy underwritten by Lloyd's of London and leading international insurers with a limit of US\$ 135 million. This coverage protects:

- Individual Directors/Officers of Glencore who may become personally liable to a third party;
- Glencore in the event that there is a contractual or legal obligation to indemnify the individual Directors/Officers resulting from a claim made against them arising from their duties; and

- Glencore against claims made directly against Glencore as a result of acts or omissions of individual Directors/Officers.

Other insurance

In addition to the policies described above, there are numerous "local" policies purchased by Glencore offices in accordance with local statutory requirements. Other insurance policies (such as political risk and credit insurance) are taken out, where appropriate, on a transactional basis.

Systems

Our systems architecture is based on state-of-the-art technologies such as Java and Internet-based client access. This architecture enables us to react more quickly to market changes and enhances our ability to manage our activities in an efficient, reliable and timely fashion.

Our mission-critical software applications such as Traffic/Trading, Accounting and Finance are based on integrated standard components. Our key business processes rely on in-house developed modules and are continuously adapted to the newest business needs. All of these applications are managed from our headquarters in Baar and are available to all our major locations.

We are continuously expanding and upgrading our communications network in response to the growing need to electronically link our worldwide staff and to store, organise and make available to our staff the increasing volume of data transmitted within our global network.

All of our IT systems are based in two independent and highly secured computer centres and are designed with built in redundancy and robustness. This configuration allows us to provide an efficient and highly available service to our employees.

We have our own IT department with approximately 170 employees worldwide, which excludes people employed in the operations of our directly and indirectly owned industrial assets, focused on providing customised business solutions to the changing needs of our business and providing smooth operation of our IT systems.

Legal proceedings

We, along with our subsidiaries, are involved in litigation, administrative proceedings and investigations of various types in several different jurisdictions. While the liability, if any, with respect to all such matters cannot be determined at this time, it is our opinion that the outcome of any such matter, and all of them combined, will not have a material adverse effect on our consolidated results of operations or financial position.

Trend information

There has been no material adverse change in the prospects of Glencore since 31 December 2005.

Management

Management philosophy

Reflecting the nature of Glencore as a management and key employee-owned enterprise, our management philosophy stresses teamwork, risk management control, communication and partnership. The key decision-making group is the senior management team of 12 people, comprising of the Chairman, the Chief Executive Officer and the department heads. Senior managers communicate regularly and informally to keep each other informed of their activities and to discuss major transactions and developments. Formal senior management meetings, "partners meetings", take place twice a year to discuss fundamental strategic issues of our business, such as our financial situation, market developments, industrial asset opportunities and performance, field office network, our share ownership programme and our compensation plan.

Senior managers have significant experience in the physical commodity marketing business, having spent an average of over 14 years with Glencore. They have usually started in the organisation at a relatively junior level and worked their way up through various assignments either in field offices or commodity departments. This reflects our policy of not hiring externally for senior positions but managing succession from within. This practice develops and maintains a very strong corporate culture, a key asset of our company. In most cases, key employees rise from traffic, accounting or finance departments into junior trader positions, some of whom eventually become senior managers. Long tenures endow employees with a strong understanding of all aspects of our business and cement management's teamwork approach and partnership. They also help ensure that succession can be arranged within the organisation, preserving managerial stability, the corporate culture and the continuity of business relationships.

Our compensation plan links non-shareholding employees' interests with those of our company. Almost all employees are eligible for bonuses related to our overall performance and individual departments' performances. We believe that the strong commitment of our employees to our company is reflected in the low personnel turnover, especially at the senior management level.

Senior management

As at 30 June 2006, our senior management team is as follows:

Name	Position	Other Principal Activities (outside the Glencore Group)	Age	Joined Glencore
Willy R. Strothotte.....	Chairman	Vice President of Asturiana de Zinc SA, Director of Century Aluminum Co., Director/Chairman of Xstrata plc	62	1978
Ivan Glasenberg.....	Chief Executive Officer	Director of Xstrata plc	49	1984
Steven Kalmin	Chief Financial Officer	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited, Director of e-OSN.com Pte Ltd, Director of Microsteel (Proprietary) Limited	35	1999
Steven Blumgart.....	Co-Director Alumina/Aluminium	Director of EurAllumina S.p.A., Director of Global HubCo. B.V.	32	1998
Gary Fegel	Co-Director Alumina/Aluminium	None	32	2001
Christian Wolfensberger.....	Co-Director – Ferroalloys/ Nickel/ Cobalt	None	36	1995
Stuart Cutler	Co-Director – Ferroalloys/ Nickel/ Cobalt	None	46	1999
Frank Destribats	Director – Crude oil/ Oil products	None	51	1980
Chris Mahoney	Director – Agricultural products	None	47	1998
Daniel Mate.....	Co-Director – Zinc/ Copper/Lead	Director of Volcan Compania Minera S.A.A	43	1988
Telis Mistakidis.....	Co-Director – Zinc/ Copper/Lead	Director of Metaleurop SA	44	1993
Tor Peterson.....	Director – Coal/Coke	None	41	1992

Board of directors

As at 30 June 2006, the directors of Glencore and their principal activities outside the Glencore Group are:

Name	Position	Other Principal Activities	Age	Joined board of Glencore
Willy R. Strothotte.....	Chairman	Vice President of Asturiana de Zinc SA, Director of Century Aluminum Co., Director/Chairman of Xstrata plc	62	1993
Ivan Glasenberg.....	Chief Executive Officer	Director of Xstrata plc	49	2001
Zbynek E. Zak.....	Non-Executive Director	None	59	1994
Craig A. Davis.....	Non-Executive Director	Chairman of the Board, Chief Executive Officer and Director of Century Aluminum Co.	65	1993
Dr. Peter A. Pestalozzi .	Non-Executive Director	Partner in the law firm of Pestalozzi Lachenal Patry	60	1993

As at the date of this Base Prospectus, to the best of our knowledge, none of the Directors of Glencore has any conflict of interest between their duties to Glencore and their other principal activities listed above.

Shareholders

Glencore International is fully owned by its management and key employees through Glencore Holding AG ("Glencore Holding") and Glencore L.T.E. AG ("**LTE**"). The shareholding arrangements as described below are designed to promote management stability and to preserve Glencore's capital. The arrangements lead to an

alignment of the interests of management and key employees with those of Glencore. By investing their own capital (through sharing in Glencore International's shareholders' funds) management and key employees are motivated to take a long-term view on Glencore's key performance drivers, including long-term producer and consumer relationships, prudent risk management and protection of invested capital through succession planning that preserves continuity and stability. Only active employees of the Group are permitted to become shareholders of Glencore Holding or LTE.

Under the Glencore Holding arrangement, an employee selected for profit participation becomes an Employee Shareholder by purchasing shares of Glencore Holding and receives the same number of profit participation rights, pursuant to an employee participation agreement with Glencore International, which entitles the Employee Shareholder to a portion of the consolidated shareholders' funds accumulated in the period during which the Employee Shareholder holds the shares and profit participation rights. Upon termination of employment, Glencore Holding repurchases the Glencore Holding shares at nominal value. The financial benefits accumulated over the period of employment under the employee participation agreement are reclassified on Glencore International's balance sheet into unsecured debt as "Purchase of profit participation instruments" and repaid over a period of five years. For each of the five years after termination of employment, 20% of the amount is classified as short-term debt with the remainder being reported on the long-term debt section of the balance sheet as "Purchase of profit participation instruments". Glencore resells repurchased shares of Glencore Holding at nominal value and allocates the respective profit participation rights to other deserving employees.

The payment obligation to departed Employee Shareholders is structurally subordinated and junior to claims of holders of the Notes and the Guarantee to be issued by Glencore AG with respect to the assets and earnings of the Issuers and Glencore AG, respectively, and ranks equally in right of payment to the Guarantee to be issued by Glencore International.

Payments to Employee Shareholders whose employment terminated on or prior to 1 November 2004 will not be subordinated to claims of Noteholders against the assets and earnings of Glencore International.

With respect to Employee Shareholders whose employment terminated after 1 November 2004, Glencore International and its Employee Shareholders agreed in late 2004 to additional subordination provisions with respect to profit participation payments and to remove Glencore International's discretionary right to accelerate these payments. Pursuant to these new subordination provisions, upon the occurrence of any Subordination Triggering Event, payment of the Employee Shareholder's remaining share of consolidated shareholders' funds would be subordinated to claims of unsecured lenders and investors of Glencore International, and further payments would not be permitted to be made by Glencore International during the pendency of the Subordination Triggering Event. Additionally, subordination provisions that were in effect prior to adding these new subordination agreements will continue to apply. These prior subordination provisions will have the effect of subordinating an initial payment to a terminated Employee Shareholder if such initial payment is made or becomes due within thirty (30) days prior to the happening of the Subordination Triggering Event. The Conditions of the Notes will provide that all current Employee Shareholders have agreed and all future Employee Shareholders will have agreed to this subordination and that Glencore International may not accelerate these payouts to Employee Shareholders whose employment terminated after 1 November 2004. The Conditions of the Notes will further provide that these restrictions may not be amended in any material respect without approval by Extraordinary Resolution of Noteholders of the relevant tranche of Notes governed thereby.

LTE has been set up for integration in the existing Glencore Holding arrangement on one hand but to guarantee stability in the shareholding of Glencore International on the other. The shares in LTE as well as the respective profit participation rights are pooled under separate agreements and may be disposed of or exercised only jointly by the members of the pool and subject to certain limitations and conditions. In contrast to the Glencore Holding arrangement, resignation, retirement or termination of employment of an Employee Shareholder of LTE does not trigger any claims against Glencore International and the departing employee in such case has no claims to the LTE shares or profit participation rights which remain in the pool. As a consequence, the portion of the consolidated shareholders' funds accumulated to LTE is consistent with traditional characteristics of an entity's retained earnings.

The decision as to which employees are offered the available shares and profit participation rights is based on the individual's performance, seniority and future potential. The Chairman and certain senior officers make the final decision based on proposals from department heads. The objectives of the employee ownership programme (i.e., to promote management depth and stability and to maintain commitment from employees) are also taken into consideration.

At 31 December 2005, 386 employees owned shares in Glencore Holding and LTE. Senior management holds through Glencore Holding and LTE 23.3% and 7.7%, respectively, of Glencore International's share capital for a combined holding of 31.0%. No single employee controls more than 10% of the shares of Glencore International.

Auditors

Deloitte AG, Zurich, Switzerland has been appointed as statutory auditor to Glencore.

Financial Statements

Since the date of its incorporation, Glencore has prepared and published annual consolidated audited and semi-annual consolidated unaudited financial statements in accordance with IFRS, which may be obtained at the specified offices of the Paying Agents during normal business hours for at least the last two financial years. Since 2004, Glencore also prepares quarterly unaudited consolidated financial statements in accordance with IFRS, which may be obtained at the specified offices of the Paying Agents during normal business hours.

Financial Year

The financial year end of Glencore is 31 December.

DESCRIPTION OF GLENCORE AG

Glencore AG was incorporated in Switzerland under Swiss law on 13 July 1978. Glencore AG's registration number is CH-170.3.008.550-5. Its share capital amounts to CHF 2,151,500 and is divided into 21,515 registered shares, each with a nominal value of CHF 100, and is fully paid. The registered office of Glencore AG is at Baarerstattstrasse 3, CH-6340 Baar, Switzerland, and its telephone number is: +41 41 709 2000. Its country of jurisdiction is Switzerland. Glencore AG is wholly owned by Glencore International AG.

Glencore AG's principal business is identical with the activities of Glencore as described in "Description of Glencore International AG". Glencore conducts those of its activities which relate to the United States through Glencore AG's branch in Stamford (Connecticut, United States). Glencore AG's business activities are part of the worldwide operations of each relevant commodity department.

The aggregate amount of the guarantee given by Glencore AG shall not exceed at any given time the amount of Glencore AG's total shareholders' equity less the total of (i) the aggregate share capital and (ii) the statutory reserves (i.e., Glencore AG's freely disposable equity in accordance with Swiss law).

Trend information

There has been no material adverse change in the prospects of Glencore AG since 31 December 2005.

Members of the Board of Directors

The Directors of Glencore AG as at 30 June 2006 and their principal activities outside the Glencore Group are:

Name	Position	Other principal activities
Willy R. Strothotte	Director	Vice President of Asturiana de Zinc SA, Director of Century Aluminum Co., Director/ Chairman of Xstrata plc
Zbynek E. Zak	Director	None
Ivan Glasenberg	Director	Director of Xstrata plc
Steven Kalmin	Director	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited, Director of e-OSN.com Pte Ltd, Director of Microsteel (Proprietary) Limited
Andreas Hubmann	Director	Director of Campden Trading Limited, Director of Colston Business Corp., Director of Ecotank Shipping Limited

The business address of each of the Directors is Baarerstattstrasse 3, CH-6341 Baar, Switzerland.

As at the date of this Base Prospectus none of the Directors of Glencore AG have any conflict of interest between their duties to Glencore AG and their other principal activities listed above.

Auditors

Deloitte AG, Zurich, Switzerland has been appointed as statutory auditor to Glencore AG for the past two financial years.

Financial Statements

Since the date of its incorporation, Glencore AG prepared and published annual audited non-consolidated financial statements in accordance with Swiss Generally Accepted Accounting Principles, which may be obtained at the specified offices of the Paying Agents during normal business hours for at least the last two financial years.

For a summary of certain differences between International Financial Reporting Standards and Swiss Generally Accepted Accounting Principles, please refer to Appendix 1 to this Base Prospectus.

Financial year

The financial year end of Glencore AG is 31 December.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by each Issuer to any one or more of ABN AMRO Bank N.V., Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft and J.P. Morgan Securities Ltd. (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 8 August 2006 (the “**Dealership Agreement**”) and made between each Issuer, each Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination or appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient

information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom: Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking:* In relation to any Notes having a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business; or
 - (2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (b) *Financial promotion:* It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale or any Instruments in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantors; and
- (c) *General compliance:* It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Bermuda

Each Dealer represents and warrants that it has not made and undertakes not to make any invitation to the public or at all in Bermuda to purchase any Notes, directly or indirectly.

France

Each Dealer has represented and agreed that the Notes are being issued outside the Republic of France and that, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and that it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France the Base Prospectus or any other offering material relating to the Notes and that such offers, sales and distributions have been and shall be made in France only to qualified investors (*investisseurs qualifiés*), all as defined in and in accordance with Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the *Code Monétaire et Financier*.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be

applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "**General**" above.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

TAXATION

The following is a general description of certain Luxembourg, Switzerland and Bermuda tax considerations relating to the notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg, Switzerland and Bermuda or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws in Luxembourg, Switzerland and Bermuda. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Luxembourg TAXATION

Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery, exchange and/or enforcement of the Notes.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments opts for the procedure of the exchange of information or for the tax certificate procedure. The same regime applies to payments to individuals resident in certain EU dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg resident individuals

A 10% withholding tax has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents. Only interest accrued after 1 July, 2005 falls within the scope of the withholding tax. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

Taxation of the Noteholders

Taxation of Luxembourg non-residents

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable to any Luxembourg income tax, whether they receive repayments of principal, payments of interest (including accrued but unpaid interest), payments received upon the redemption or the exchange of the Notes, or realise capital gains on the sale of any Notes.

Taxation of Luxembourg residents

Luxembourg resident individuals

The 10% Luxembourg withholding tax (see the above section "Withholding tax – Luxembourg resident individuals") represents the final tax liability on interest received for the Luxembourg resident individuals receiving the payment in the course of his/her private wealth. For individual Luxembourg resident Noteholders, receiving the interest as income from their professional asset, the 10% Luxembourg withholding tax levied is credited against their final tax liability. They will not be liable for any Luxembourg taxation on income on repayment of principal.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon redemption or exchange of the Notes,

individual Luxembourg resident Noteholders must however include the portion of the redemption price corresponding to accrued but unpaid interest in their taxable income.

Luxembourg resident companies

Luxembourg resident companies (*sociétés de capitaux*) Noteholders or foreign entities of the same type which have a permanent establishment in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest received or accrued as well as the difference between the sale, exchange or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold, redeemed or exchanged.

Luxembourg resident companies benefiting from a special tax regime

Luxembourg resident companies Noteholders which are companies benefiting from a special tax regime (such as holding companies subject to the law of 31 July 1929 as amended by the Law of 21 June 2005 and undertakings for collective investment subject to the law of 20 December 2002) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such Noteholder is a fully taxable Luxembourg resident company or (ii) the Notes are attributable to an enterprise or part thereof which is carried on by a non-resident company in Luxembourg through a permanent establishment.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption or exchange of the Notes.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

No inheritance taxes are levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

SWITZERLAND TAXATION

Non-residents and residents

All payments of principal and interest in respect of the Notes and the Coupons by and on behalf of the Issuer including payments by each of Glencore International AG and Glencore AG as Guarantors under the Guarantee Agreement will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, withheld, or assessed by Switzerland or any political subdivision or taxing authority thereof or therein, in accordance with applicable Swiss laws and administrative practice.

BERMUDA TAXATION

At the date of this Base Prospectus, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in relation to the payments by the Issuer under the Notes other than Shareholders ordinarily resident in Bermuda.

Glencore Capital Ltd. has received an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March, 2016 be applicable to Glencore Capital Ltd. or to any of its operations, shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such Shares, debentures or other obligations of the Issuer or any land leased or let to Glencore Capital Ltd.

As an exempted company, the Issuer is liable to pay the Bermuda Government an annual registration fee that is based on the Issuer's current share capital.

GENERAL INFORMATION

Listing

Application has been made for the Notes issued under the Programme to be listed on the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Regulated Market and, in connection therewith, the Luxembourg Stock Exchange has assigned registration numbers 13229 and 12411 for Glencore Finance (Europe) S.A. and Glencore Capital respectively, in respect of the Programme.

Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the relevant Issuer and the relevant Dealer(s) may agree.

Authorisations

The Programme was authorised by written resolutions of the board of directors of Glencore Capital Ltd. dated 7 August 2006. The programme was authorised by written resolutions of the board of directors of Glencore Finance (Europe) S.A. on 7 August 2006. The giving of the guarantee was authorised by a written resolution of the board of directors of each of the Guarantors each dated 4 August 2006. The update of the Programme has been authorised by a written resolution of each Guarantor dated 4 August 2006. Each Issuer and the Guarantors have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Though incorporated in Bermuda, Glencore Capital Ltd. is classified as non-resident in Bermuda for exchange control purposes and, as such, is free to acquire, to hold and sell any foreign currency or other assets (other than property situated in Bermuda) without restriction. The issue and transfer of the Notes of Glencore Capital Ltd. between persons regarded as resident outside Bermuda for exchange control purposes may be effected without specific concern under the Bermuda Exchange Control Act 1972 and the regulations made thereunder.

All consents of the Bermuda Monetary Authority ("BMA") required under the Exchange Control Act 1972 in Bermuda for the issue by Glencore Capital Ltd. of Notes have been obtained. It must be distinctly understood that in granting its consent, the Bermuda Monetary Authority does not accept responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed with regard to them. None of the Notes issued under the terms of the Base Prospectus or other documentation ancillary thereto, shall be convertible into the equity shares of Glencore Capital Ltd. The BMA has granted its consent to the issuance of the Notes on this basis.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Boulevard Emile Jacqmain 151, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 67 Boulevard Grand-Duchesse Charlotte, L-1331 Luxembourg.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the relevant Issuer and/or each Guarantor for general corporate purposes for use outside Switzerland.

Post-Issuance Information

The Issuers do not intend to provide post-issuance information, if not otherwise required by all applicable laws and regulations.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers or Guarantors are aware), during the 12 month period preceding the date of this Base Prospectus which may have or have had, in the recent past, significant effects on the financial position or profitability of each of the Issuers, the Guarantors and subsidiaries.

No significant change

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of each of the Issuers, the Guarantors and Subsidiaries since 31 December 2005.

There has been no material adverse change in the prospects of each of the Issuers, the Guarantors and subsidiaries since 31 December 2005.

Auditors

The auditors of Glencore Capital Ltd. are Deloitte AG, Zurich (authorised and regulated by the Treuhand-Kammer), who have audited the non-consolidated accounts of Glencore Capital Ltd, in accordance with IFRS, for each of the two years ended on 31 December 2005.

The auditors of Glencore Finance (Europe) S.A. are Deloitte S.A. Luxembourg (authorised and regulated by the Institut des Réviseurs d'Entreprises), who have audited the non-consolidated accounts of Glencore Finance (Europe) S.A., in accordance with Luxembourg Generally Accepted Accounting Principles.

The auditors of Glencore International AG are Deloitte AG (authorised and regulated by the Treuhand-Kammer), who have audited the consolidated accounts of Glencore International AG, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2005.

The auditors of Glencore AG are Deloitte AG, Zurich (authorised and regulated by the Treuhand-Kammer), who have audited the non-consolidated accounts of Glencore AG in accordance with Swiss Generally Accepted Accounting Principles or each of the two financial years ended on 31 December 2005.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may be inspected (and, in the case of (e) and (g) obtainable) during normal business hours on any working day at the specified offices of the Principal Paying Agent and the Paying Agent in Luxembourg (free of charge), namely:

- (a) the Paying Agency Agreement;
- (b) the Guarantee Agreement;
- (c) the Trust Deed;
- (d) the Dealership Agreement;
- (e) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders);
- (f) the constitutive documents of each Issuer and each Guarantor;
- (g) this Base Prospectus and any supplements thereto; and
- (h) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Financial statements available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may be obtained during normal business hours at the specified office of the Principal Paying Agent and the Paying Agent in Luxembourg, namely:

- (a) the most recent publicly available and any further audited non-consolidated financial statements of each Issuer and Glencore AG beginning with such financial statements for the years ended 31 December 2004, and 31 December 2005, and the most recent audited consolidated financial statements of Glencore International AG beginning with such financial statements for the years ended 31 December 2004 and 31 December 2005; and
- (b) the most recent publicly available unaudited consolidated financial statements of Glencore International AG beginning with such financial statements for the quarter ended 31 March 2006.

Neither Issuer produces interim financial statements.

EU Savings Directive

Under the Savings Directive, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg instead apply a withholding system in relation to such payments, unless the beneficiary of the interest payments opts for the procedure of the exchange of information or for the tax certificate procedure. The withholding tax rate will rise over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

EU Transparency Obligations Directive

In March 2003 the European Commission published a proposal for a Directive of the European Parliament and of the Council on the harmonisation of transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market in the European Union ((2003/0045(COD) (the "**Transparency Directive**"). The Issuers and Guarantors may be required to prepare their financial statements in accordance with, or reconciled to, International Financial Reporting Standards for accounting periods beginning on or after 1 January 2005, unless the generally accepted accounting principles under their respective jurisdictions are deemed equivalent standards for the purposes of such Directive. If such principles are not deemed equivalent standards, the obligation to prepare financial statements in accordance with, or reconciled to, International Financial Reporting Standards in the circumstances described above may be unduly burdensome for the Issuers or the Guarantors. The Trust Deed provides that if, as a result of the Transparency Directive, it becomes unduly onerous or burdensome (in the opinion of the relevant Issuer and the Guarantors) to maintain a listing of the Notes on the Luxembourg Stock Exchange, such Issuer may use its reasonable efforts to obtain and maintain a listing of the Notes on such other listing authority, stock exchange and/or quotation as the relevant Issuer and the Guarantors may decide. In the event of such alternative listing, the relevant Issuer will notify the Luxembourg Stock Exchange and notice of the alternative listing will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the d'Wort). The Trustee shall not be required to approve such change and shall have no responsibility for the selection of such alternative listing.

Glencore International AG's largest non-dollar expenses related to its office network are denominated in the Euro ("€"), the Pound Sterling ("£") and the Swiss Franc ("CHF"). Its largest non-U.S. Dollar denominated operating costs related to its directly and indirectly held industrial operations are in Euro and Australian Dollars ("A\$"). A rapid depreciation in the value of the U.S. dollar against these currencies will therefore result in an increase in the cost of these operations in U.S. dollar terms and could adversely affect its results if not fully hedged.

Appendix 1 – Summary of Certain Differences between International Financial Reporting Standards and Swiss Generally Accepted Accounting Principles

Introduction

Glencore International AG's ("GIAG") consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Glencore AG's ("GAG") statutory financial statements are prepared in accordance with the Swiss Code of Obligations ("SCO"). IFRS significantly differs in certain respects from Swiss Generally Accepted Accounting Principles ("Swiss GAAP") as defined by the Swiss Code of Obligation. Glencore AG has not prepared consolidated financial statements or separate financial statements in accordance with IFRS nor consolidated financial statements in accordance with Swiss GAAP and accordingly cannot offer any assurance that the differences described below would, in fact, represent the greatest differences between Glencore AG's consolidated financial statements prepared under IFRS and under Swiss GAAP had consolidated financial statements of GAG been prepared in accordance with IFRS and Swiss GAAP. In addition, GAG has not estimated the net effect that applying Swiss GAAP would have on its results of operations or financial position, or any component thereof, in any of the presentations of financial information in this Base Prospectus. The following summary may not include all differences that exist between IFRS and Swiss GAAP.

This description is not intended to provide a comprehensive listing of all such differences specifically related to GAG or the industries in which GAG operates. Swiss GAAP has basic and general accounting rules and it is not as comprehensive as IFRS. No attempt has been made to identify all valuation, disclosure, presentation or classification differences that would affect the manner in which transactions and events are valued and presented in the financial statements or the notes thereto.

The following is a summary of certain differences between the significant accounting policies as applied under IFRS and of Swiss GAAP effective as of December 31, 2004 for separate financial statements of Glencore AG. New IFRS standards or changed IFRS/IAS standards effective January 1, 2005 are not considered.

Objective

IFRS's objective is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions. The financial statements are therefore investor/shareholder driven.

IFRS provides detailed guidance on specific accounting treatments and disclosure requirements under IFRS are extensive.

The SCO's main objective is to protect creditors and to set the basis for taxation. SCO financial statements are primarily driven by the principle of prudence and cannot be described as true and fair; overstatements of liabilities and understatements of assets are allowed but are usually limited to the boundaries permitted by tax legislation.

SCO provides basic guidance on general accounting treatments and disclosure requirements in the notes are limited, leaving a certain room for interpretation.

Components of financial statements

IFRS financial statements consist of five elements: balance sheet, income statement, cash flow statement, statement of changes in equity, and notes including a description of the accounting policies.

SCO financial statements consist of three elements: balance sheet, income statement and notes.

Consolidation requirements

IFRS requires consolidated financial statements including all subsidiaries when control of the subsidiaries exists. A parent does not need to present consolidated financials if the parent is itself a wholly-owned subsidiary, the parent's debt or equity instruments are not traded in a public market, the parent is not in the process of filing its financial statements with a securities commission or other regulatory organisation and the ultimate parent or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS.

The SCO requires consolidation if certain size criteria are met. However, under certain conditions, SCO waives the consolidation requirement if the ultimate or any intermediate parent produces consolidated financial statements which are available to the company's shareholders.

Translation of financial statements

Under IFRS, for financial statements that are presented in another currency than the measurement currency assets and liabilities are translated into the reporting currency using year end exchange rates, while their income statements are translated using average rates of exchange for the year. Translation adjustments are included as a separate component of shareholders' equity and have no income statement impact provided no disposals of investments have occurred.

Under SCO, a company's accounting records may be kept in currencies other than Swiss francs. However, the statutory financial statements must be presented in Swiss francs. When the underlying accounting records are not kept in Swiss francs, monetary assets and liabilities are translated into Swiss francs using year-end exchange rates, non monetary assets translated using historical rates while the income statement is translated using average rates of exchange for the year. Any translation adjustment resulting in an unrealised gain is classified as a liability (deferred translation gain) whereas any translation loss is recorded in the income statement.

Inventories

Under IFRS, inventories are carried at the lower of cost and net realizable value using FIFO or the weighted average method to determine cost. In addition, IFRS also permits commodity trading companies to measure their trading inventories at fair value less costs to sell, which is an early adoption of IAS 2 (revised 2003) and applied by Glencore AG.

Under the SCO, inventories are measured at the lower of cost and net realisable value. SCO permits a general valuation allowance.

Investment in associates

Under IFRS, investments in associated companies are either carried at cost, accounted for using the equity method or accounted for as an available-for-sale financial asset as described in IAS 39. Equity accounting involves the Company recording its share of the associated entity's net income and equity.

Under the SCO, associates in unconsolidated statutory financial statements are recorded at the lower of cost or net realizable value.

Employee post employment benefits

IFRS distinguishes between defined contribution and defined benefit plans. Post-retirement obligations that meet the criteria of defined benefit plans need to be accounted for using the projected unit credit method.

Pension liabilities and amounts due to pension funds need to be disclosed separately in the financial statements prepared in accordance with the SCO. Under the SCO, it is generally assumed that the employer normally does not have any other obligation than to pay the contributions to the pension fund, unless additional contributions are decided by the Board of the pension fund in the case of undercoverage. Therefore, no pension liability is usually recognized in the company's books, unless there is a legal obligation towards the pension fund or the employees.

Non-voting profit participation schemes

Under IFRS, non-voting profit participation schemes are considered equity compensation plans in accordance with IAS 19, "**Employee Benefits**", and no liability is recorded. Instead, the schemes are subject to disclosure only. Effective 1 January, 2005, due to new IFRS pronouncements the profit participation scheme in respect of Glencore Holding, based on the current structure, will require a new classification and presentation in the balance sheet and statement of income.

Under the SCO, the presentation of liabilities or equity is based on legal definitions.

Revenue recognition

Under IFRS, revenue is generally recognized when the risk and rewards of the goods is transferred.

Under the SCO, revenue is recognized once the legal title of the goods passes to the new owner.

Measurement of derivatives, of fair value hedges and cash flow hedges

Under IFRS, derivatives including derivatives designated as hedge instruments are measured at fair value. The recognition of changes in fair value is recorded in the income statement except for effective cash flow hedges, of which the changes in fair value are deferred in equity until the effect of the underlying transaction is recognised in the income statement.

This issue is not addressed in the SCO, however under Swiss GAAP, derivatives including derivatives designated as hedges are measured at fair value if there is a liquid market for the derivatives. The changes in fair value are recorded in the income statement.

Accounting for tax

Under IFRS, detailed guidance regarding recognition of deferred tax assets and liabilities is provided. Deferred tax assets have to be recognized on tax loss carry forwards if realisation of the tax benefit is probable.

Under the SCO, financial statements prepared in accordance with SCO are the basis for the tax calculation by the tax authorities, subject to any adjustments i.e. unjustified provisions or depreciation as defined by the tax

authorities. Deferred taxes are not dealt with in the SCO. Due to the prudence principle, SCO does not permit the recognition of deferred tax assets.

Extraordinary items

Under IFRS, the presentation of extraordinary items is rarely permitted. Effective 1 January, 2005, due to new IFRS pronouncements, separate presentation of extraordinary items is no longer permitted.

Under the SCO, the term “**extraordinary**” is fairly broad and includes profits and losses from transactions not related to the normal course of business or the current accounting period. The SCO does not prescribe a specific presentation of such items in the income statement.

Registered Office of the Issuers

Glencore Capital Ltd.

Argyle House
41A Cedar Avenue
Hamilton HM12
Bermuda

Glencore Finance (Europe) S.A.

1 Allée Scheffer
L-2520 Luxembourg
P.O. Box 8
L-2010 Luxembourg

Registered Office of the Guarantors

Glencore International AG

Baarerstattstrasse 3
P.O. Box 777
CH-6341 Baar
Switzerland

Glencore AG

Baarerstattstrasse 3
P.O. Box 666
CH-6341 Baar
Switzerland

Dealers

ABN AMRO Bank N.V.

250 Bishopsgate
London EC2M 4AA

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

BNP PARIBAS

10 Harewood Avenue
London NW1 6AA

**Credit Suisse Securities
(Europe) Limited**

One Cabot Square
London E14 4QJ

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

**Deutsche Bank AG, London
Branch**

Winchester House
1 Great Winchester Street
London EC2N 2DB

J.P. Morgan Securities Ltd.

125 London Wall
London EC2Y 5AJ

Principal Paying Agent

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB

Trustee

Deutsche Trustee Company Limited

Winchester House
1 Great Winchester Street
London EC2N 2DB

Paying Agent

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg

Legal Advisers

*To the Issuers and the
Guarantors
as to English law:*

Linklaters
One Silk Street
London EC2Y 8HQ

*To the Issuers and the
Guarantors
as to Luxembourg law:*

Linklaters Loesch
35, avenue John F.
Kennedy
L-1855 Luxembourg
Grand Duchy of
Luxembourg

*To the Issuers and the
Guarantors
as to Swiss law:*

**Pestalozzi Lachenal
Patry**
Loewenstrasse 1
8001 Zurich
Switzerland

*To the Issuers and the
Guarantors
as to Bermuda law:*

**Appleby Spurling
Hunter**
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

To the Dealers as to Swiss law:

Homburger
Weinbergstrasse 56/58
CH-8006 Zurich
Switzerland

*To the Dealers and the Trustee
as to English law:*

**Clifford Chance Limited Liability
Partnership**
10 Upper Bank Street
London E14 5JJ

**Auditors to Glencore
Capital Ltd.**

Deloitte AG
Klausstrasse 4
8034 Zurich
Switzerland

**Auditors to Glencore
Finance (Europe) S.A.**

Deloitte S.A.
3 route D'Arlon
L-8009 Strassen
Luxembourg

**Auditors to Glencore
International AG and Glencore AG**

Deloitte AG
Klausstrasse 4
8034 Zurich
Switzerland

Luxembourg Listing Agent

Deutsche Bank Luxembourg S.A.

2 Boulevard Konrad Adenauer
L-1115 Luxembourg