

# Mercedes-Benz South Africa

## MERCEDES-BENZ SOUTH AFRICA (PROPRIETARY) LIMITED

*(Pretoria, Republic of South Africa)*

unconditionally and irrevocably guaranteed by

**DAIMLER AG**

*(Stuttgart, Federal Republic of Germany)*

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**ZAR18,000,000,000**

**Domestic Medium Term Note Programme**

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Under this ZAR18,000,000,000 Domestic Medium Term Note Programme (the "**Programme**"), Mercedes-Benz South Africa (Proprietary) Limited (the "**Issuer**") may from time to time issue notes (the "**Notes**"), denominated in any currency agreed by the Issuer and the Relevant Dealer(s) (as defined below) and further subject to all applicable laws and, in the case of Notes listed on the Bond Exchange of South Africa Limited or its successor ("**BESA**"), or such other or further exchange or exchanges as may be determined by the Issuer and the Relevant Dealer (as defined below), the rules of BESA or such other or further exchange, that are subject to the terms and conditions (the "**Terms and Conditions**") contained in this Programme Memorandum. Any other terms and conditions not contained in the Terms and Conditions that are applicable to any Notes, replacing or modifying the Terms and Conditions, will be set forth in an applicable pricing supplement (the "**Applicable Pricing Supplement**").

Save as set out herein, the Notes will not be subject to any minimum or maximum maturity. The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed ZAR18,000,000,000 (or its equivalent in other currencies calculated as described herein).

Daimler AG (the "**Guarantor**") has irrevocably and unconditionally guaranteed to the holders of the Notes ("**Noteholders**") the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of the Notes arising under the Programme. The Guarantor has further undertaken not to provide any security upon its assets for other notes without, at the same time, having the Noteholders share equally and rateably in such security.

This Programme has been listed on BESA. The Programme provides that Notes may be listed on BESA or such other or further exchange(s) as may be determined by the Issuer and the Relevant Dealer and subject to the applicable ruling laws. Notice of the aggregate Nominal Amount (as defined in the Terms and Conditions) of 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 in the Terms and Conditions) of Notes will be set forth in the Applicable Pricing Supplement which will be delivered to BESA (if the relevant Notes are listed on BESA) or such other or further exchange or exchanges and the CSD (as defined in the Terms and Conditions) on or before the date of issue of such Notes and the Notes may then be traded by or through members of BESA (if the relevant Notes are listed on BESA) or such other or further exchange or exchanges from the date specified in the Applicable Pricing Supplement. The Issuer may determine that particular Notes will not be listed on BESA or any other exchange and in that case, no Applicable Pricing Supplement will be delivered to BESA or such other or further exchange(s).

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers appointed under the Programme from time to time by the Issuer, which appointment shall be for a specific issue (each a "**Dealer**" and together the "**Dealers**"). References in this Programme Memorandum to the "**Relevant Dealer**" shall, in the case of Notes being (or intended to be) placed, be references to the Dealer or Dealers with whom the Issuer has agreed the issue of Notes.

As at the date of this Programme Memorandum, the Notes to be issued under this Programme are not rated by any rating agency, however, the Issuer may at any time obtain a rating from a rating agency for any issue of Notes issued pursuant to the terms of this Programme, in which case such rating will be indicated in the Applicable Pricing Supplement. The Issuer 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 listed on BESA) a supplementary Programme Memorandum, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

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*Arranger*

**Deutsche Bank AG, Johannesburg Branch**

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Programme Memorandum dated 30 June 2008



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## IMPORTANT NOTICE

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Capitalised terms used in this section shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

*The Issuer and the Guarantor accept full responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer and the Guarantor (who have taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts the omission of which would make this Programme Memorandum or any of such information or expression of any such opinions or intentions misleading in any material respect.*

*This document is to be read and construed with any amendment or supplement thereto (this document, as amended or supplemented, the "**Programme Memorandum**") and in conjunction with any other documents which are deemed to be incorporated herein by reference (see the section entitled "Documents Incorporated by Reference") and, in relation to any Tranche of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.*

*The Arranger, the Dealers or any of their respective affiliates, other professional advisers and BESA named herein have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger or the Dealers, BESA and other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer or the Guarantor. The Arranger, the Dealers, other professional advisers and BESA do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer or the Guarantor in connection with the Programme.*

*No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger, the Dealers, other professional advisers or BESA.*

*Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Guarantor, the Arranger, any of the Dealers, other professional advisers or BESA that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should purchase any Notes.*

*Each person contemplating the purchase of any Notes should determine for itself the relevance of the information contained in this Programme Memorandum and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor and its purchase of Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the*

*Programme constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.*

*Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement, nor the offering, sale or delivery of any Note shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers, other professional advisors and BESA expressly do not undertake to review the financial condition or affairs of the Issuer and the Guarantor, during the life of the Programme. Investors should review, inter alia, the most recent financial statements, if any, of the Issuer and the Guarantor, when deciding whether or not to purchase any Notes.*

*Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase any Notes. The distribution of this Programme Memorandum and any Applicable Pricing Supplement and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Applicable Pricing Supplement or any Notes come are required by the Issuer, the Guarantor, the Arranger, the Dealers, other professional advisors and BESA to inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Programme Memorandum or any Applicable Pricing Supplement and other offering material relating to the Notes, see the section entitled "Subscription and Sale".*

*None of the Issuer, the Guarantor, the Arranger, any Dealers, other professional advisers and BESA represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger, the Dealers or other professional advisers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.*

***The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or any applicable State securities laws. Notes may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulation S under the Securities Act.***

***The price/yield, the amount and the allocation of Notes to be issued with this Programme will be determined by the Issuer and Dealers at the time of issue in accordance with the prevailing market conditions.***

*All references in this document to "Rands", "ZAR", "South African Rand", "R" or "cent" refer to the currency of South Africa, to "U.S.\$" or "\$" to the currency of the United States of America and to "Euro" or "€" 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 Community, as amended.*

***In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, which is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the rules of the exchange on which such Tranche of Notes will be listed, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might***

*otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.*



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## GENERAL DESCRIPTION OF THE PROGRAMME

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*Words used in this section entitled "General Description of the Programme" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

Under the Programme, the Issuer may from time to time issue Notes denominated in the currency specified in the Applicable Pricing Supplement. The applicable terms of any Notes will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplement relating to the Notes and any supplementary Programme Memorandum.

This Programme Memorandum and any supplement will only be valid for the issue of Notes in an aggregate Nominal Amount which, when added to the aggregate Nominal Amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed ZAR18,000,000,000 or its equivalent in other currencies. For the purpose of calculating the South African Rand equivalent of the aggregate Nominal Amount of Notes issued under the Programme from time to time, the South African Rand equivalent of the Notes denominated in another Specified Currency (as detailed in the Applicable Pricing Supplement) shall be determined as of the date of agreement to issue such Notes (the "**Agreement Date**") on the basis of the spot rate for the sale of the South African Rand against the purchase of such Specified Currency in the South African foreign exchange market quoted by any leading bank selected by the Issuer on the Agreement Date (the "**Conversion Rate**") and in respect of:

- (a) Zero Coupon Notes (as defined in the Terms and Conditions) and other Notes, the Conversion Rate shall be applied to the net subscription proceeds received by the Issuer for the relevant issue; and
- (b) Partly-Paid Notes and Index-Linked Notes (as defined in the Terms and Conditions), the Conversion Rate shall be applied to the Nominal Amount regardless of the amount paid up on such Notes.

From time to time the Issuer may wish to increase the aggregate nominal amount of the Notes that may be issued under the Programme. Subject to the requirements of BESA and/or any such other exchange or exchanges on which the Notes may be listed or in terms of any applicable law, the Issuer may, without the consent of Noteholders, increase the maximum aggregate nominal amount of the Notes that may be issued under the Programme by delivering a notice thereof to Noteholders and the relevant exchange in accordance with Condition 22 (*Notices*) of the Terms and Conditions. Upon such notice being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the maximum aggregate nominal amount of the Notes that may be issued under the Programme, shall be and shall be deemed to be references to the increased maximum aggregate nominal amount.

A summary of the Programme and the Terms and Conditions appears below.

This Programme Memorandum will only apply to Notes issued under the Programme.

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement. Words and expressions defined in the "Terms and Conditions of the Notes" below shall have the same meanings in this summary.*

<b>Issuer</b>	Mercedes-Benz South Africa (Proprietary) Limited (Registration Number 1962/000271/07).
<b>Guarantor</b>	Daimler AG, Stuttgart, Federal Republic of Germany.
<b>Arranger</b>	Deutsche Bank AG, Johannesburg Branch (Registration Number 1998/003298/10) (" <b>Deutsche Bank</b> ").
<b>Dealers</b>	The dealer or dealers as may be appointed by the Issuer, from time to time, and indicated in the Applicable Pricing Supplement.
<b>Calculation Agent</b>	The Calculation Agent (if any) specified in the Applicable Pricing Supplement as the Calculation Agent.
<b>Issuing Agent</b>	Computershare Investor Services (Proprietary) Limited (Registration Number 2004/003647/07), or such other person specified in the Applicable Pricing Supplement as the Issuing Agent will act as Issuing Agent and will maintain the Register.
<b>Paying Agent</b>	Absa Capital, a division of Absa Bank Limited or such other person specified in the Applicable Pricing Supplement as Paying Agent.
<b>Description of Programme</b>	Mercedes-Benz South Africa (Proprietary) Limited ZAR18,000,000,000 Domestic Medium Term Note Programme.
<b>Size</b>	Up to ZAR18,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Blocked Rand</b>	Blocked Rand may be used to purchase Notes, subject to the Exchange Control Regulations.
<b>CSD</b>	Strate Limited (Registration Number 1998/022242/06), registered as a central securities depository in terms of the Securities Services Act, or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the Relevant Dealer(s).
<b>Certain Restrictions</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see section entitled " <i>Selling Restrictions</i> ").
<b>Clearing and Settlement</b>	Listed Notes will be cleared and settled in accordance with the rules of BESA or such other or further exchange or exchanges and the CSD. Listed Notes have been accepted for clearance through the CSD, which forms part of the BESA clearing system that is managed by the CSD and may be accepted for clearance

	through any additional clearing system as may be agreed between the Relevant Dealer and the Issuer. As at the date of this Programme Memorandum, the Participants who are also the approved Settlement Agents are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear Bank SA/NV (“ <b>Euroclear</b> ”) and Clearstream Banking, société anonyme (Clearstream Luxembourg) (“ <b>Clearstream</b> ”) may hold Notes through their Participant.
<b>Currency</b>	South African Rand (“ <b>ZAR</b> ”) or, as agreed by the Issuer and the Relevant Dealer(s), subject to all applicable laws and, in the case of Notes listed on BESA, the rules of BESA, (or such other or further exchange or exchanges as may be selected by the Issuer in relation to such issue) in such other currency as specified in the Applicable Pricing Supplement.
<b>Cross-Default</b>	The Terms and Conditions contain a cross-default provision.
<b>Denomination</b>	Notes will be issued in such denominations as may be agreed by the Issuer and the Relevant Dealer(s), and as indicated in the Applicable Pricing Supplement.
<b>Form of Notes</b>	Notes will be issued in the form of Registered Notes, Order Notes or Bearer Notes as described in the section entitled “ <i>Form of Notes</i> ”.
<b>Governing Law</b>	The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.
<b>Guarantee</b>	The Guarantor has given its unconditional and irrevocable guarantee for the due payment of the amounts due corresponding to the principal of and Interest on the Notes issued by the Issuer under the Programme and has undertaken not to provide any security upon its assets for other notes without at the same time having the Noteholders share equally and rateably in such security.
<b>Interest on the Notes</b>	The Issuer may offer Notes in the form of fixed rate, floating rate or zero coupon notes, notes with any other interest basis or other option or any combination (as indicated in the Applicable Pricing Supplement).
<b>Interest Period(s)/ Interest Payment Date(s)</b>	Such period(s) or date(s) as specified in the Applicable Pricing Supplement.
<b>Issue and Transfer Taxes</b>	No stamp duty, uncertificated securities tax or any similar tax is payable in respect of the issue or transfer of marketable securities or securities qualifying as instruments as contemplated in section 24J of the Income Tax Act under current South African law.
<b>Issue Price</b>	Notes may be issued on a fully-paid or a partly-paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount as specified in the Applicable Pricing Supplement.
<b>Listing and Trading</b>	This Programme has been listed on BESA (and may be listed on such other or further exchange as may be determined by the Issuer). Notes issued under the Programme may be listed on BESA (or such other or further exchange or exchanges as may be selected by the Issuer in relation to such issue). Unlisted Notes

	<p>may also be issued under the Programme. The Applicable Pricing Supplement in respect of a Tranche will specify whether or not such Notes will be listed and, if so, on which exchange.</p>
<p><b>Maturities of Notes</b></p>	<p>In respect of listed Notes, such maturity(ies) that have been agreed between the Issuer and the relevant Dealer and indicated in the relevant Applicable Pricing Supplement and that are acceptable to BESA (or such other or further exchange or exchanges as may be selected by the Issuer in relation to such issue). The Notes are not subject to any minimum or maximum maturity.</p>
<p><b>Method of Issue</b></p>	<p>Notes issued under the Programme may be issued pursuant to this Programme Memorandum and the Applicable Pricing Supplement prepared in connection with a particular Tranche of Notes.</p> <p>For a Tranche of Notes which is the subject of an Applicable Pricing Supplement, those terms will, for the purposes of that Tranche only, complete the Terms and Conditions of the Notes and this Programme Memorandum and must be read in conjunction therewith. The terms and conditions applicable to any particular Tranche of Notes which is the subject of an Applicable Pricing Supplement are the Terms and Conditions of the Notes as completed, amended and/or replaced to the extent described in the relevant Applicable Pricing Supplement.</p> <p>Notes may be distributed by way of public, private or syndicated placements.</p> <p>The Issuer may issue Notes in Series. Notes comprised in a Series shall have identical terms (save for the Issue Date, the Interest Commencement Date and/or the Issue Price).</p> <p>The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional notes of any Series issued by itself with identical terms, so that the same shall be consolidated, form a single series with and increase the aggregate principal amount of the respective Series (subject, however, to any limitation to this right as may be set out in the Applicable Pricing Supplement).</p>
<p><b>Negative Pledge</b></p>	<p>So long as any of its Notes remain Outstanding, but (in respect of Notes represented by the Global Certificate) only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, the Issuer undertakes not to provide security over its assets for any other notes, including any guarantee or indemnity assumed therefor, without at the same time having the Noteholders share equally and rateably in such security, provided that security over its assets is neither mandatory pursuant to applicable laws nor required as a prerequisite for obtaining any governmental approvals.</p>
<p><b>Notes</b></p>	<p>Notes may comprise:</p> <p><b>Fixed Rate Notes</b>      Fixed Interest Rate will be payable in arrear on such date or dates as may be agreed between the Issuer and the Relevant Dealer(s), as indicated in the Applicable Pricing Supplement.</p>



<b>Floating Rate Notes</b>	<p>Floating Rate Notes will bear interest calculated at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quoting service; or (iii) on such other basis as may be agreed between the Issuer and the Relevant Dealer(s).</p> <p>The Margin (if any) relating to such floating rate will be agreed between the Issuer and the Relevant Dealer(s) for each issue of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p>
<b>Zero Coupon Notes</b>	<p>Zero Coupon Notes will be issued at their Nominal Amount or at a discount to it and will not bear interest (except in the case of late payment as specified).</p>
<b>Index-Linked Notes</b>	<p>Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as the Issuer and the Relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.</p>
<b>Dual Currency Notes</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the Relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.</p>
<b>Mixed Rate Notes</b>	<p>which will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes or Dual Currency Notes, each as specified in the Applicable Pricing Supplement.</p>
<b>Instalment Notes</b>	<p>in respect of which the Applicable Pricing Supplement will set out the dates on which, and the amounts in which, such Notes may be redeemed.</p>
<b>Partly-Paid Notes</b>	<p>in respect of which the Issue Price will</p>

	<p>be payable in two or more instalments as set out in the Applicable Pricing Supplement.</p> <p><b>Exchangeable Notes</b> which may be redeemed by the Issuer in cash or by the delivery of securities as specified in the Applicable Pricing Supplement.</p> <p><b>Other Notes</b> Terms applicable to any other type of Notes that are approved by BESA, or its successor, or such other or further exchange or exchanges as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the Relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.</p>
<b>Noteholders</b>	The holders of the Registered Notes (as recorded in the Register) and/or Bearers of Bearer Notes and/or the Payees of the Order Notes.
<b>Rating</b>	As at the date of this Programme Memorandum, the Notes to be issued under this Programme are not rated by any rating agency. The Issuer may however at any time obtain a rating by a rating agency of any issue of Notes issued pursuant to this Programme in which case such rating will be indicated in the Applicable Pricing Supplement. Tranches of Notes issued under the Programme may be rated or unrated. Investors should understand that a rating is not a recommendation to buy, sell or hold any Notes, that it may be subject to revision or withdrawal at any time by the assigning rating organisation, and that each rating should be evaluated independently of any other.
<b>Redemption</b>	<p>The Applicable Pricing Supplement relating to a Tranche of Notes will indicate that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders, upon giving not less than 15 (fifteen) days' notice (or such other notice period (if any) as is indicated in the Applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement;</p> <p>The Applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in the Applicable Pricing Supplement.</p>
<b>Selling Restrictions</b>	There are restrictions on the sale of Notes and the distribution of offering materials in various jurisdictions. See the section entitled " <i>Selling Restrictions</i> ", and such restrictions as may be imposed in the Applicable Pricing Supplement.
<b>Status of Notes</b>	The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> and

rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

**Stabilisation**

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, which is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the rules of the exchange on which such Tranche of Notes will be listed, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

**Substitution of Issuer**

The Issuer shall, without the consent of the Noteholders, be entitled, at any time, to substitute, for itself, any other company, more than 90% (ninety percent) of the shares or other equity interest carrying the right to vote of which are directly or indirectly owned by the Guarantor, as principal debtor in respect of all obligations arising from or in connection with the Notes, in accordance with Condition 14 (*Substitution*) of the Terms and Conditions.

**Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa, subject to certain exceptions as provided in Condition 10 (*Taxation*). In the event that withholding tax or such other deduction is required by law, then the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction. The Issuer has the right under Condition 7.2 (*Redemption for Tax Reasons*) to redeem the Notes for tax reasons.

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## RISK FACTORS

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*Words used in this section entitled "Risk Factors" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

The information in this section "Risk Factors" includes risk factors relating to:

1. the business and operations of the Issuer; and
2. risks typically associated with the issue of Notes.

The following is a general discussion of certain risks typically associated with the Issuer and the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all risks which may be relevant to a decision to purchase Notes. In particular, it does not consider an investor's specific knowledge and/or understanding about risks typically associated with the Issuer and the acquisition and ownership of Notes, whether obtained through experience, training or otherwise, or the lack of such specific knowledge and/or understanding, or circumstances that may apply to a particular investor.

Prospective investors in the Notes should carefully consider the following information about these risks, together with the other information in this Programme Memorandum, before investing in any Notes. Prospective investors in the Notes are also advised to consult their own tax advisors, legal advisors, accountants or other relevant advisors as to the risks associated with, and consequences of, the purchase, ownership and disposition of Notes, including the effect of any laws of each country of which they are residents.

### **1. Risk factors relating to the Issuer**

The Issuer is a direct, wholly-owned subsidiary of the Guarantor. All Notes are wholly and unconditionally guaranteed by the Guarantor in respect of principal and interest payments. Accordingly, they are affected, in particular, by the same risk factors as those that affect the business and operations of the Guarantor.

### **2. Risk factors relating to the Guarantor**

Many factors could affect the Guarantor's financial condition, cash flows and results of operations. The Guarantor is subject to various risks resulting from changing economic, political, social, industry, business and financial conditions. Some of these risks, which substantially apply to the Issuer, are described below.

#### **Economic**

*A decline in demand resulting, for example, from a decline in consumer demand or a weakening investment environment, rising interest rates or fuel prices, could significantly adversely affect the Guarantor's businesses in various markets, including Western Europe and the United States.*

The Guarantor derives approximately half of its revenue from its business in Western Europe. A major slowdown in the Western European economy or in the industries in which the Guarantor operates could have a significant impact on its business.

A drop in economic growth in Western Europe could result not only from a structural weakness or decline in domestic demand in major European economies, but also from negative effects of a U.S. recession or an even more pronounced appreciation of the euro.

The major short-term risk of the U.S. economy is a deeper than expected deceleration of the economy or even recession due to the economic effects resulting from the subprime crisis. A decline in investment and private consumption could severely affect the sales of passenger cars and commercial vehicles. In addition, the U.S. economy continues to require significant capital inflow from non-U.S. investors to finance the large current account deficit of the United States. A pronounced decline in demand for U.S. dollar denominated investments could lead to a

further, and possibly sharper, depreciation of the U.S. dollar which may force the United States to raise its key interest rates. Higher interest rates and a further and possibly sharper depreciation of the U.S. dollar could reduce demand for the Guarantor's vehicles. Due to the global importance of the U.S. economy and the existing interdependencies between the United States and other major economies throughout the world, any significant economic downturn in the United States would likely adversely affect Western European and other world markets.

Similarly, inflationary pressure caused by sustained high energy prices could lead to an increase in interest rates and, as a result, a decline in automotive sales. High fuel prices can also lead to a shift to smaller, lighter, more fuel efficient cars, which generally provide a lower gross margin than larger vehicles, as well as to the deferral of purchases.

The occurrence of any of these or other events that threaten consumer and investor confidence (for example, international disputes, political instability, terrorism, or significant declines in stock or housing markets) may significantly adversely affect the Guarantor's future sales, primarily in Western Europe or the United States. Since a high proportion of its costs is fixed, even small declines in sales can significantly affect its operating results and cash flows.

*An economic downturn in Asian economies could delay the Guarantor's plans for expansion in Asian markets and intensify competitive pressures.*

A decline in Asian economies could not only negatively affect future business prospects of the Guarantor's subsidiary Mitsubishi Fuso Truck and Bus Corporation and sales of the Guarantor's Mercedes-Benz passenger cars in Asia, but also its long-term strategic expansion plans for growth in Asian markets. An economic downturn in China, in particular, could delay the Guarantor's expansion in that increasingly important market and could also negatively impact the economies in the United States and Western Europe. Moreover, if economic conditions in Asia were to deteriorate, especially if coupled with depreciating Asian currencies, then Asian competitors with excess capacity might intensify their efforts to export vehicles to North America and Western Europe. This would not only intensify competition for market share, but also increase further the existing pressure on margins within the automotive industry.

*The Guarantor's results of operations and cash flows could be adversely affected by economic or political change.*

The Guarantor, in particular the Daimler Trucks segment, the Daimler Buses operating unit, and the Daimler Financial Services segment, have significant operations in several Latin American countries and in Turkey. Some of the countries in those regions may experience severe economic or political change, including currency fluctuations, which could adversely affect the Guarantor's investments as well as local demand in those and neighbouring countries, thereby negatively affecting the Guarantor's cash flows and results of operations.

*Protectionist trade policies could negatively affect the Guarantor's business in several markets.*

Demand for motor vehicles could also be affected by the political and regulatory environment in the markets in which the Guarantor operates. For example, a discord in international trade relations and the implementation of new tariff or non-tariff trade barriers could negatively affect the Guarantor's global sales and procurement activities as well as expansion plans in affected areas. The proliferation of bilateral free trade agreements between third party countries could negatively affect its position in those foreign markets, especially in Southeast Asia where Japan increasingly gains preferential market access.

## **Industry and Business**

*Overcapacity and intense competition in the automotive industry create pricing pressure and force further cost reductions.*

Intense price competition and overcapacity in the automotive industry could force manufacturers of passenger cars and commercial vehicles to decrease production, reduce capacity or increase sales incentives. The Guarantor's ability to improve or even maintain its



profitability depends, among other things, on maintaining competitive cost structures, including the ability to obtain competitive prices from suppliers, and introducing exciting new products.

The Guarantor's ability to achieve further price reductions from suppliers, however, may be limited by a combination of factors, including consolidation among automotive suppliers, the use of a single supplier for certain components, and increasing supplier insolvencies.

In addition, if the Guarantor is unable to continue to provide competitive pricing, customers may elect to purchase competitors' products and its future profitability and cash flows may suffer. Discounts and other sales incentives have become more common in many automotive markets, including Western Europe, and are customary in the United States and Canada. Sales incentives in the new vehicle business also influence the price level of used vehicles, which could adversely affect the profitability of the Guarantor's used vehicle sales and, indirectly, the profitability of its future new vehicle sales.

*High commodities prices and increased pressure on the Guarantor's suppliers could negatively impact the Guarantor's profitability and cash flows.*

Prices for raw materials that the Guarantor or its suppliers use in manufacturing their products or components therefor, such as steel, aluminium, petroleum based products and a number of precious metals, continue to remain at historically high levels. Further price increases for these or other raw materials may lead to higher component and production costs that could in turn negatively impact the Guarantor's future profitability and cash flows because it may not be able to pass all those costs on to its customers or require its suppliers to absorb such costs.

Additionally, high raw material prices and intense competition in the automotive industry are having a significant adverse effect on the financial position and business continuity of key suppliers, some of whom are in bankruptcy. The Guarantor has provided, and in the future may provide, financial support to suppliers in order to avoid prolonged interruption in the supply of components, which could have a significant negative impact on its profitability and cash flows.

*Risks arising from the Guarantor's leasing and sales financing business may adversely affect its future operating results and cash flows.*

The financial services the Guarantor offers in connection with the sale of vehicles involve several risks. These include possible higher refinancing costs and the potential inability to recover the Guarantor's investments in leased vehicles or to collect the Guarantor's sales financing receivables. If any of these risks materialize, the Guarantor's future operating results, financial condition and cash flows could be adversely affected. For instance, the Guarantor's ability to recover its investments in leased vehicles may deteriorate as a result of a decline in resale prices of used vehicles and its ability to collect sales financing receivables could be negatively affected by consumer or dealer insolvencies.

New vehicle sales incentives indirectly lower the resale prices of used vehicles. A decline in resale prices of used vehicles could in turn result in downward pressure on the carrying values of leased vehicles and negatively affect the collateral value of the Guarantor's sales financing and finance lease receivables.

*The Guarantor's future profitability will depend on its ability to offer competitive prices while maintaining a high level of product quality.*

Product quality significantly influences the consumer's decision to purchase passenger cars and commercial vehicles.

Reductions in the Guarantor's product quality could severely tarnish its image as a manufacturer, thereby negatively affecting its future sales and, as a consequence, its future operating results and cash flows.

Increasing consumer sensitivity to pricing may limit the Guarantor's ability to pass higher costs on to customers. The Guarantor's attempts to reduce costs along the automotive value chain may place additional cost and pricing pressure on suppliers, which can also negatively affect product quality.

Additionally, component parts or assembly defects could require the Guarantor to undertake service actions and recall campaigns, or even to develop new technical solutions requiring regulatory certification prior to implementation. The Guarantor may need to expend considerable resources for these remediation measures, resulting in higher provisions for new warranties issued and expenses in excess of already established provisions for product guarantees previously issued.

*The Guarantor's future success depends on its ability to offer innovative new products and meet consumer demand.*

Meeting consumer demand with new vehicles developed over increasingly shorter product development cycles is critical to the success of automobile manufacturers. The Guarantor's ability to strengthen its position within its traditional product and market segments through research and development of innovative products and services while expanding into additional market segments with innovative new products will play an important role in determining its future success. A general shift in consumer preference towards smaller, lower margin vehicles could have a negative effect on the Guarantor's profitability. Such a shift could result from, among other things, increasing fuel prices, government regulations, for example speed limits or higher taxes on certain types of vehicles, such as sport utility vehicles or luxury automobiles, or environmental concerns, for example, the level of carbon dioxide emissions.

Potential delays in bringing new vehicles to market, the inability to achieve defined efficiency targets without suffering from quality losses and a lack of market acceptance of the Guarantor's new models would adversely affect its financial position, results of operations and cash flows.

*The Guarantor is subject to legal proceedings and environmental and other government regulations.*

A negative outcome in one or more of the Guarantor's pending legal proceedings could adversely affect its future financial condition, results of operations and cash flows.

The automotive industry is subject to extensive governmental regulations worldwide. Laws in various jurisdictions regulate occupant safety and the environmental impact of vehicles, including emission levels, fuel economy and noise, as well as the levels of pollutants generated by the plants that produce them. The cost of compliance with these regulations is significant, and the Guarantor expects to incur higher compliance costs in the future. New legislation may subject the Guarantor to additional expense in the future, which could be significant. For example, in an effort to reduce greenhouse gases, several countries have already imposed more stringent regulations on carbon dioxide emissions or are currently in the process of adopting such regulations. The European Union is currently considering legislation that would impose severe restrictions on carbon dioxide emissions of motor vehicles. The adoption of such legislation would likely result in significant additional compliance costs.

*Risks arising from contingent obligations could affect the Guarantor adversely.*

The Guarantor sometimes provides guarantees for third party liabilities, principally in connection with liabilities of its non-consolidated affiliated and/or related companies, guarantees under buy-back commitments, and performance guarantees related to the contractual performance of joint ventures and consortia. These guarantees may expose the Guarantor to financial risk. For example, as a result of the guarantees and other obligations Daimler Financial Services (formerly DaimlerChrysler Financial Services) undertook as one of the consortium members of Toll Collect, its future operating results and cash flows may be materially adversely affected by penalties, damage claims and losses associated with an underperformance of the system. In connection with the transfer of a majority interest in the Chrysler group and the related financial services business in the NAFTA region, the Guarantor has also provided certain guarantees.

## Financial

### *Credit Ratings*

Downgrades by rating agencies may increase the Issuer's cost of capital and, as a result, could negatively affect its business, especially the leasing and sales finance business which is typically financed with a high proportion of debt.

*The Guarantor is exposed to fluctuations in currency exchange rates and interest rates.*

The Guarantor's businesses, operations and reported financial results and cash flows is exposed to a variety of market risks, including the effects of changes in the exchange rates of the U.S. dollar, the Pound sterling, the Japanese yen and other world currencies against the euro. In addition, in order to manage the liquidity and cash needs of its day-to-day operations, it holds a variety of interest rate sensitive assets and liabilities. The Guarantor also holds a substantial volume of interest rate sensitive assets and liabilities in connection with its lease and sales financing business.

Changes in currency exchange rates and interest rates may have substantial adverse effects on the Guarantor's operating results and cash flows. For example, if the euro retains its current strength for a prolonged period of time against selected world currencies, especially the U.S. dollar, or if the euro appreciates further, the Guarantor's operating results and cash flows could be adversely affected because a significant portion of its business, primarily its Mercedes-Benz Cars segment, depends in part on export sales to the United States and other markets whose currencies are tied to the U.S. dollar.

*The Guarantor depends on the issuance of term debt to manage liquidity, and declines in its operating performance may limit its ability to issue such debt.*

To manage the liquidity of the Daimler Group, the Guarantor depends on the issuance of term debt, principally in the U.S. and European capital markets. Declines in its operating performance and changes in demand for this type of debt instrument could increase the Guarantor's borrowing costs or otherwise limit its ability to fund operations, either of which would negatively affect its operating results and cash flows.

*The carrying value of the Guarantor's equity investments in companies in which it holds a non-controlling equity interest depends on the ability of those companies to operate their businesses profitably. The Guarantor is also exposed to credit risk to the extent that it provides, or is obligated to provide, financial credit to those companies.*

The Guarantor holds non-controlling equity interests in various companies. Most notably, the Guarantor holds an equity interest in the European Aeronautic Defence and Space Company EADS N.V. ("EADS") and, since August 3, 2007, a 19.9% equity interest in Chrysler Holding LLC. Any factors negatively affecting the profitability of the businesses of these companies may adversely affect the Guarantor's ability to recover the full amount of its equity investments. In addition, if the Guarantor accounts for those investments using the equity method of accounting, as it does with respect to its equity interests in EADS and Chrysler Holding LLC, such factors may also affect the Guarantor's proportionate share in the future operating results of its equity investees. For example, EADS announced in 2007 that problems with the Airbus A400M program and resulting delivery delays would negatively affect its operating results. EADS also announced that if the current strength of the euro against the U.S. dollar remains for a prolonged period of time, or if the euro appreciates further, EADS's future operating results and cash flows may be adversely affected. Also, the future profitability of the Chrysler business and the Guarantor's ability to fully recover its equity investment in that business depend on Chrysler's business outlook, including its ability to successfully implement its restructuring plans.

The Guarantor also is exposed to credit risk to the extent that it provides, or is obligated to provide, financial credit in the form of credit lines or other loans to companies in which the Guarantor holds a non-controlling equity interest. For example, through one of its subsidiaries the Guarantor has provided a subordinated loan of US\$0.4 billion to an intermediate subsidiary

of Chrysler Holding LLC and has provided second lien loans of US\$1.5 billion to Chrysler LLC for use in its automotive business.

*The Guarantor may need to make cash contributions or increase provisions with respect to the funding of its pension benefit plans. In addition, the Guarantor's total pension benefit expense may increase.*

The Guarantor has pension and, to a minor degree, other post-employment benefit obligations which are underfunded. The funded status of the Guarantor's off-balance sheet pension and other post-employment benefit plans is subject to changes in actuarial and other related assumptions and to actual developments.

Even small changes in the assumptions which affect the benefit plan valuation, such as discount rates, rates for compensation increases, mortality rates, retirement rates, and other factors, may lead to increases in the size of the respective obligations, which would affect the reported funded status of the Guarantor's plans and, as a consequence, could negatively affect its total pension and other post-employment benefit expense in subsequent years.

Actual developments, such as unfavourable developments in the capital markets — particularly with respect to equity and debt securities — can result in lower actual returns on plan assets or in a significant decrease in the market value of plan assets at year end. This in turn would affect the reported funded status of the Guarantor's plans. In addition, a decrease in the rate of expected return on plan assets can result in higher pension and other post-employment benefit expense in subsequent years.

An increase in the underfunded status of the Guarantor's pension and other post-employment benefit plans could require it to increase provisions in future periods and to make additional cash contributions to the plans.

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## TERMS AND CONDITIONS OF THE NOTES

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*The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Note. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes.*

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to BESA or such other or further exchange or exchanges and the CSD a pricing supplement based on the *pro forma* Applicable Pricing Supplement included in the Programme Memorandum setting out details of such Notes. The Issuer may determine that particular Notes will not be listed on BESA or such other or further exchange or exchanges and, in that case, no Applicable Pricing Supplement will be delivered to BESA or such other or further exchange or exchanges.

If there is any conflict or inconsistency between provisions set out in the Applicable Pricing Supplement and the provisions set out in these Terms and Conditions of the Notes, then the provisions in the Applicable Pricing Supplement will prevail. Capitalised expressions used in these Terms and Conditions and not herein defined shall bear the meaning assigned to them in the Applicable Pricing Supplement. All references in this Programme Memorandum to any statute, regulation or other legislation will be a reference to that statute, regulation or other legislation as amended, re-enacted or replaced and substituted from time to time.

### 1. INTERPRETATION

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

<b>“Agency Agreement”</b>	the Agency Agreement to be entered into between the Issuer, the Paying Agent and the Issuing Agent, if the Issuer is not acting in any of the aforementioned capacities;
<b>“Applicable Pricing Supplement”</b>	the pricing supplement relating to each Tranche of Notes;
<b>“Applicable Procedures”</b>	the rules and operating procedures for the time being of the CSD and BESA or such other or further exchange or exchanges, as the case may be;
<b>“Banks Act”</b>	the Banks Act, 1990;
<b>“Bearer Note”</b>	a Note payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 17.2 ( <i>Transfer of Bearer Notes</i> ) and the term “Bearer Note” shall include the rights to payment of any interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate in respect of such Bearer Note;
<b>“Bearer”</b>	the bearer of a Certificate in respect of a Bearer Note or of a Receipt or Coupon attached to such Certificate on issue;
<b>“Beneficial Interest”</b>	the undivided share of a co-owner of the Notes represented by a Global Certificate as provided in section 41 of the Securities Services Act;



<b>“BESA”</b>	the Bond Exchange of South Africa Limited (Registration Number 2007/034441/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to BESA;
<b>“Books Closed Period”</b>	the period, as specified in the Applicable Pricing Supplement, commencing after the Last Date to Register, during which transfer of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive interest;
<b>“Business Day”</b>	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement, save that if the Specified Currency is not ZAR, “ <i>Business Day</i> ” shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, “ <i>Business Day</i> ” shall include a Saturday;
<b>“Calculation Agent”</b>	the calculation agent appointed in relation to a particular Tranche or Series of Notes in accordance with the Agency Agreement, as specified in the Applicable Pricing Supplement;
<b>“Certificate”</b>	a Global Certificate and/or an Individual Certificate;
<b>“Class of Noteholders”</b>	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
<b>“Commercial Paper Regulations”</b>	Government Notice 2172 (Government Gazette Number 16167, 14 December 1994) published under the Banks Act, 1990;
<b>“Companies Act”</b>	the Companies Act, 1973;
<b>“Coupon”</b>	an interest coupon evidencing title to an interest payment in respect of an interest bearing Note which is a Bearer Note or an Order Note, attached to the Certificate in respect of such interest bearing Note and any reference to a Coupon shall, unless the context otherwise requires, be deemed to include a reference to a Talon;
<b>“CSD’s Nominee”</b>	Central Depository Nominees (Proprietary) Limited (Registration Number 1990/006665/07), a Wholly Owned Subsidiary of the CSD;
<b>“CSD”</b>	Strate Limited (Registration Number 1998/022242/06), or its nominee, operating in

	terms of the Securities Services Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer;
<b>“Daimler Group”</b>	the Issuer and the Guarantor, together with each Subsidiary of the Guarantor from time to time whose financial results are consolidated with the financial results of the Guarantor in accordance with IFRS;
<b>“Dealers”</b>	the dealer or dealers as may be appointed by the Issuer, from time to time, and indicated in the Applicable Pricing Supplement;
<b>“Deutsche Bank”</b>	Deutsche Bank AG, Johannesburg Branch (Registration Number 1998/003298/10);
<b>“Dual Currency Notes”</b>	Notes which pay a Coupon in a base Currency and the principal in a non-base Currency or <i>vice versa</i> ;
<b>“Early Redemption Amount”</b>	the amount, as set out in Condition 7.5 ( <i>Early Redemption Amounts</i> ), at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 11 ( <i>Events of Default</i> );
<b>“Encumbrances”</b>	means any mortgage, pledge, hypothecation, assignment, cession <i>in securitatem debiti</i> , deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of security to a creditor but excluding statutory preferences and any security interest arising by operation of law;
<b>“Endorsement in Blank”</b>	an Endorsement which specifies no named Payee;
<b>“Endorsement”</b>	an “ <i>indorsement</i> ”, <i>mutatis mutandis</i> , within the meaning of the Bills of Exchange Act, 1964;
<b>“Event of Default”</b>	an event of default by the Issuer as set out in Condition 11 ( <i>Events of Default</i> );
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations, 1961 issued pursuant to the Currency and Exchanges Act, 1933;
<b>“Exchange Period”</b>	in respect of Exchangeable Notes to which the Noteholders’ Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
<b>“Exchange Price”</b>	the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
<b>“Exchange Securities”</b>	the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value

	of the Exchange Price;
<b>“Exchangeable Notes”</b>	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
<b>“Extraordinary Resolution”</b>	a resolution passed at a meeting (duly convened) of the Noteholders by a majority consisting of not less than 75% (seventy five percent) of the Noteholders present in person voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% (seventy five percent) of the votes given on such poll;
<b>“Final Redemption Amount”</b>	the amount of principal specified in the Applicable Pricing Supplement payable in respect of each Note upon the Maturity Date;
<b>“Fixed Interest Period”</b>	the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Payment Date;
<b>“Fixed Rate Notes”</b>	Notes which will bear interest at the Fixed Interest Rate, as indicated in the Applicable Pricing Supplement;
<b>“Floating Rate Notes”</b>	Notes which will bear interest at a floating rate as indicated in the Applicable Pricing Supplement and more fully described in Condition 6.2 ( <i>Interest on Floating Rate Notes and Indexed Interest Notes</i> );
<b>“Global Certificate”</b>	the single Certificate, without Coupons, registered in the name of the CSD’s Nominee and representing those Notes issued in terms of the Terms and Conditions which are lodged and immobilised in the CSD other than those Notes represented by the Individual Certificates. A Global Certificate may be replaced by the issue of uncertificated securities in terms of Section 37 of the Securities Services Act;
<b>“Guarantee”</b>	<p>the guarantee dated 30 June 2008 under which the Guarantor has given its unconditional and irrevocable guarantee for the due payment of the amounts corresponding to the principal of and interest on the Notes.</p> <p>The Guarantee constitutes a contract for the benefit of the Noteholders as third party beneficiaries in accordance with § 328 (1) BGB, giving rise to the right of each Noteholder to require performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor. (see section entitled “<i>Guarantee by Daimler AG</i>” on page 63);</p>

<b>“Guarantor”</b>	Daimler AG, Stuttgart, Federal Republic of Germany, of which the Issuer is a wholly owned subsidiary;
<b>“IFRS”</b>	the International Financial Reporting Standards;
<b>“Implied Yield”</b>	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
<b>“Income Tax Act”</b>	the Income Tax Act, 1962;
<b>“Indebtedness”</b>	in respect of the Issuer, any indebtedness in respect of monies borrowed and (without double counting) guarantees (other than those given in the ordinary course of business) given, whether present or future, actual or contingent, excluding any intra-group indebtedness due to any Subsidiary or the holding company of the Issuer or to any other Subsidiary of the Issuer’s holding company;
<b>“Indexed Interest Note”</b>	Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as indicated in the Applicable Pricing Supplement;
<b>“Indexed Redemption Amount Notes”</b>	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as may be indicated in the Applicable Pricing Supplement;
<b>“Index-Linked Note”</b>	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
<b>“Individual Certificate”</b>	<ul style="list-style-type: none"> <li>(a) in respect of Registered Notes, a Note in the definitive registered form of a single Certificate and, in respect of Registered Notes which are listed, being a Certificate exchanged for a Beneficial Interest in the Notes represented by the Global Certificate in accordance with Condition 15 (<i>Certificates</i>) and any further Certificate issued in consequence of a transfer thereof;</li> <li>(b) in respect of Bearer Notes, a Note in the definitive bearer form of a single Certificate together with Coupons and/or Receipts, if applicable;</li> <li>(c) in respect of Order Notes, a Note in the definitive order form of a single Certificate together with Coupons and/or Receipts, if applicable;</li> </ul>
<b>“Instalment Amount”</b>	the amount expressed as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
<b>“Instalment Notes”</b>	Notes issued at the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in

	the Applicable Pricing Supplement;
<b>“Interest Amount”</b>	the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Notes, as determined in accordance with Condition 6.1 ( <i>Interest on Fixed Rate Notes</i> ) or 6.2 ( <i>Interest on Floating Rate Notes and Indexed Interest Notes</i> ), as the case may be;
<b>“Interest Commencement Date”</b>	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
<b>“Interest Payment Date”</b>	the Interest Payment Date(s) specified in the Applicable Pricing Supplement or if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;
<b>“Interest Rate”</b>	the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
<b>“Interest Rate Determination Date”</b>	the interest rate determination date as indicated in the Applicable Pricing Supplement;
<b>“ISDA Definitions”</b>	the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of Notes of the relevant Series, or, if so specified in the relevant Applicable Pricing Supplement) published by ISDA, or if so specified in the Applicable Pricing Supplement, the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the Applicable Pricing Supplement) as published by ISDA;
<b>“ISDA”</b>	the International Swaps and Derivatives Association Inc.;
<b>“Issuer”</b>	Mercedes-Benz South Africa (Proprietary) Limited (Registration Number 1962/000271/07);
<b>“Issuing Agent”</b>	Computershare Investor Services (Proprietary) Limited (Registration Number 2004/003647/07), unless the Issuer elects to appoint another entity as Issuing Agent in accordance with the terms of the Agency Agreement, in which event that other entity shall act as an Issuing Agent;
<b>“Last Day to Register”</b>	with respect to a particular Series of Notes (as reflected in the Applicable Pricing Supplement), the last date or dates preceding an Interest Payment Day on which the Issuing Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and whereafter the Register is closed for further



<b>“Mandatory Exchange”</b>	transfers or entries until the Interest Payment Day; if indicated in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes;
<b>“Mixed Rate Notes”</b>	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes or Indexed Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 6.4 ( <i>Mixed Rate Notes</i> );
<b>“NACA”</b>	nominal annual compounded annually;
<b>“NACM”</b>	nominal annual compounded monthly;
<b>“NACQ”</b>	nominal annual compounded quarterly;
<b>“NACS”</b>	nominal annual compounded semi-annually;
<b>“Nominal Amount”</b>	in relation to any Note, the total amount, excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note;
<b>“Noteholders’ Exchange Right”</b>	if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
<b>“Noteholders”</b>	the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of the Bearer Notes and/or the Payees of the Order Notes;
<b>“Notes”</b>	the notes issued or to be issued by the Issuer under the Programme and represented by a Certificate together with Receipts and/or Coupons (if any) or uncertificated Notes;
<b>“Order Note”</b>	a Note payable to the Payee thereon, transferable by way of Endorsement and delivery in accordance with Condition 17.3 ( <i>Transfer of Order Notes</i> ) and the term <b>“Order Note”</b> shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate in respect of such Order Note;
<b>“Outstanding”</b>	in relation to the Notes, all the Notes issued other than: <ul style="list-style-type: none"> <li>(a) those which have been redeemed in full;</li> <li>(b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against</li> </ul>

presentation of Certificates;

- (c) those which have been purchased and cancelled as provided in Condition 7 (*Redemption and Purchase*);
- (d) those which have become prescribed under Condition 18 (*Prescription*);
- (e) Notes represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 15 (*Certificates*);
- (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 15 (*Certificates*),

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders; and
- (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 20 (*Amendment of These Conditions*) and 21 (*Meetings of Noteholders*),

all:

- (iii) Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held);
- (iv) Receipts and Coupons,

shall be deemed not to be Outstanding;

**“Participants”**

a person accepted by the CSD as a participant in terms of section 34 of the Securities Services Act;

**“Partly-Paid Notes”**

Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);

**“Payee”**

a person reflected (either as the subscriber or by way of Endorsement) as the payee on a Certificate in respect of an Order Note or a Receipt or Coupon attached thereto on issue and to whom such Certificate, Receipt or Coupon (as the case may be) has been delivered;

<b>“Paying Agent”</b>	Absa Capital, a division of Absa Bank Limited, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as Paying Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
<b>“Payment Day”</b>	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;
<b>“Programme”</b>	the ZAR18,000,000,000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;
<b>“Receipt”</b>	a receipt evidencing title to payment of an Instalment Amount payable on an Instalment Note which is a Bearer Note or Order Note, attached upon issue to the Certificate in respect of such Instalment Note;
<b>“Redemption Date”</b>	the date upon which Notes are redeemed by the Issuer, whether by way of redemption or maturity in terms of Condition 7.1 ( <i>At Maturity</i> ) or redemption for tax reasons in terms of Condition 7.2 ( <i>Redemption for Tax Reasons</i> ), as the case maybe;
<b>“Reference Banks”</b>	four leading banks in the South African inter-bank market selected by the Calculation Agent.
<b>“Register”</b>	the register maintained by the Issuer in terms of Condition 16 ( <i>Register</i> );
<b>“Registered Note”</b>	a Note issued in registered form and transferable in accordance with Condition 17.1 ( <i>Registered Notes</i> );
<b>“Relevant Date”</b>	In respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the CSD in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the CSD, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
<b>“Representative”</b>	a person duly authorised to act on behalf of a Noteholder, the Issuing Agent, or the Paying Agent who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder;
<b>“Securities Services Act”</b>	the Securities Services Act, 2004;
<b>“Series”</b>	a Tranche of Notes together with any further

Tranche or Tranches of Notes which are:

- (a) expressed to be consolidated and form a single series; and
- (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

<b>“Settlement Agent”</b>	a Participant, approved by BESA or such other or further exchange or exchanges in terms of the rules of BESA or such other or further exchange or exchanges to perform electronic settlement of both funds and scrip on behalf of market participants;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Subsidiary”</b>	a subsidiary company as defined in Section 1(3) of the Companies Act;
<b>“Sub-unit”</b>	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
<b>“Talon”</b>	a talon entitling the holder to receive further Coupons in relation to an interest bearing Bearer Note or Order Note, if indicated in the Applicable Pricing Supplement, attached to the Certificate in respect of such interest bearing Note;
<b>“Terms and Conditions”</b>	the terms and conditions incorporated in this section entitled “ <i>Terms and Conditions of the Notes</i> ” and in accordance with which the Notes will be issued;
<b>“Tranche”</b>	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
<b>“Transfer Form”</b>	the written form for the transfer of a Registered Note, in the form approved by the Issuing Agent, and signed by the transferor and transferee;
<b>“Wholly Owned Subsidiary”</b>	a wholly owned subsidiary as defined in Section 1(5) of the Companies Act;
<b>“ZAR”</b>	the lawful currency of South Africa, being South African Rand, or any successor currency;
<b>“ZAR-JIBAR-SAFEX”</b>	the mid-market rate for deposits in ZAR for a period of the Designated Maturity (as indicated in the Applicable Pricing Supplement) which appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date; and
<b>“Zero Coupon Notes”</b>	Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment.

## 2. ISSUE

- 2.1 The Notes are issued by the Issuer in Series and each Series may comprise one or more Tranches. Each Tranche will be the subject of an Applicable Pricing Supplement.

- 2.2 The Noteholders are deemed to have knowledge of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement.
- 2.3 The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Notes.
- 2.4 Copies of the Applicable Pricing Supplement are available for inspection at the registered office of the Issuer.

### 3. **FORM**

#### 3.1 **General**

- 3.1.1 All payments in relation to the Notes will be made in the Specified Currency.
- 3.1.2 Any Note may be a Partly-Paid Note, Instalment Note or an Exchangeable Note.
- 3.1.3 Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Note, an Indexed Interest Note, an Indexed Redemption Amount Note, a Mixed Rate Note, or a combination of any of the foregoing or such other types of Note as may be determined by the Issuer, as indicated in the Applicable Pricing Supplement.
- 3.1.4 Notes will be issued in such denominations as may be determined by the Issuer and as indicated in the Applicable Pricing Supplement. Listed and/or unlisted Notes may be issued under the Programme.
- 3.1.5 Noteholders of Notes that are not listed on BESA will have no recourse against the Bond Exchange Guarantee Fund established under Part D, section 8 of the Market Association Rules of the Bond Traders Association.

#### 3.2 **Registered Notes**

Each Tranche of Registered Notes listed on BESA or such other or further exchange or exchanges will be issued in the form of a Global Certificate, which will be deposited with the CSD and registered in the name of, and for the account of the CSD's Nominee. An owner of a Beneficial Interest in the Notes represented by the Global Certificate shall be entitled to exchange such Beneficial Interest for an Individual Certificate in accordance with Condition 15 (*Certificates*). Registered Notes which are not listed will be evidenced by Individual Certificates.

#### 3.3 **Bearer Notes and Order Notes**

Individual Certificates will be issued in respect of Bearer Notes or Order Notes. Bearer Notes or Order Notes, other than Zero Coupon Notes, may have Coupons and (if indicated in the Applicable Pricing Supplement), Talons attached to the Certificate on issue. Instalment Notes which are Bearer Notes or Order Notes may have Receipts attached to the Certificate on issue.

### 4. **TITLE**

#### 4.1 **Registered Notes**

- 4.1.1 Subject to the provisions set out below, title to the Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 17.1 (*Registered Notes*).

4.1.2 The Issuer may deem and treat the person reflected in the Register as the holder of any Note as the absolute owner of the Note (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

4.1.3 Should an Event of Default occur, then for the purposes of pursuing a remedy against the Issuer pursuant to Condition 22 (*Notices*), the holder of a Beneficial Interest shall be deemed to be in the same position as a holder of an Individual Certificate whose name was entered in the Register.

#### 4.2 **Bearer Notes**

4.2.1 Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Certificate in respect of such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 17.2 (*Transfer of Bearer Notes*). The Issuer, the Issuing Agent and the Paying Agent may deem and treat the Bearer of any such Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

4.2.2 Title to Bearer Notes is subject to the Bearer obtaining an exemption from the National Treasury in respect of the prohibition on dealing in Bearer Securities as detailed in Regulation 15 of the Exchange Control Regulations.

#### 4.3 **Order Notes**

Title to Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will initially pass by Endorsement and delivery of the Certificate in respect of such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 17.3 (*Transfer of Order Notes*). Any Certificate in respect of an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Note, for so long as it is not subject to further Endorsement. The Issuer and the Issuing Agent may deem and treat the person who from the face of the Certificate, Receipt or Coupon relating to an Order Note appears to be the Payee thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such person or their Representative shall discharge the Issuer from all liability to the Payee in relation to such Certificate, Receipt or Coupon, as the case may be, even if such Endorsement has been forged or made without authority. Provided the Issuer pays any amount due upon presentation and surrender of a Certificate in respect of an Order Note, or any Receipt or Coupon attached thereto on issue, in good faith, it shall not be incumbent upon the Issuer or the Issuing Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the person whose Endorsement it purports to be.

### 5. **STATUS OF NOTES**

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* (without any preference among themselves) with the claims of all other unsecured creditors of the Issuer, other than those claims which are expressly preferred under the law.



## 6. INTEREST

### 6.1 Interest on Fixed Rate Notes

6.1.1 Except if otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis, on the Interest Payment Dates.

Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Interest Rate so specified payable in arrear on the Fixed Interest Payment Dates in each year up to (but excluding) the Maturity Date.

The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.

Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Fixed Rate Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Interest Rate divided by two and multiplying the product by the Nominal Amount, provided that:

- (a) if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
- (b) if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.

6.1.2 If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated on the basis as per the Day Count Fraction specified in the Applicable Pricing Supplement.

6.1.3 “**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if “**1/1**” is specified, 1;
- (b) if “**Actual/365**”, “**Act/365**”, “**Actual/Actual**” or “**Act/Act**” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); or
- (c) if “**Actual/365 (Fixed)**”, “**Act/365 (Fixed)**”, “**A/365 (Fixed)**” or “**A/365F**” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; or
- (d) if “**Actual/365 Sterling**” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; or

- (e) if “**Actual/360**”, “**Act/360**” or “**A/360**” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360; or
- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made 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 Interest Period is the 31st day of a month but the first day of the Interest 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) that last day of the Interest 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)); or
- (g) if “**30E/360**” or “**Eurobond Basis**” is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made 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 Interest Period unless, in the case of the final Interest Period, the Interest Payment Date 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); or
- (h) such other calculation method as is specified in the Applicable Pricing Supplement.

## 6.2 Interest on Floating Rate Notes and Indexed Interest Notes

### *Interest Payment Dates*

Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement up to (but excluding) the Maturity Date and such interest will be payable in arrear on the Interest Payment Date(s) in each year specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

### *Interest Rate*

The Interest Rate payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

### *Interest Determination: ISDA Determination, Screen Rate Determination including Fallback Provisions*

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph, “**ISDA Rate**” for an Interest Period means a rate equal to the

Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under an interest rate swap transaction if that agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;
- (b) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- (c) the relevant Reset Date is either: (i) if the applicable Floating Rate Option is based on ZAR-JIBAR-SAFEX, the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

For the purposes of the above sub-paragraph “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions specified in the Applicable Pricing Supplement.

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (a) if the Relevant Screen Page is available,
  - (i) the offered quotation (if only one quotation appears on the screen page); or
  - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) (Johannesburg time) on the Interest Rate Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more 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 (rounded as provided above) of such offered quotations; or

- (b) if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg 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 at approximately 11h00 (Johannesburg 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 Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or

- (c) if the Interest Rate cannot be determined by applying the provisions of (a) and (b) above, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, 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 offered, at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, by the Reference Banks plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than ZAR-JIBAR-SAFEX, the Interest Rate in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

*Minimum and/or Maximum Interest Rate*

If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Interest Rate, the Interest Rate for such Interest Period shall be such Minimum Interest Rate. If the Applicable Pricing Supplement specifies a Maximum Rate for any Interest Period, then, in the event that the Interest Rate in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Interest Rate, the Interest Rate for such Interest Period shall be such Maximum Interest Rate.

*Determination of Interest Rate and Calculation of Interest Amount*

The Calculation Agent, in the case of Floating Rate Notes and Indexed Interest Notes will, on or as soon as practicable after each time at which the Interest Rate is to be determined, determine the Interest Rate and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Interest Rate for the relevant Interest Period as soon as practicable after calculating the same. Each Interest Amount shall be calculated by applying the Interest Rate to the Nominal Amount, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half a Sub-unit being rounded upwards or otherwise

in accordance with applicable market convention.

*Notification of Interest Rate and Interest Amount*

The Issuer will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to BESA and the CSD and/or every other relevant exchange or authority as soon as possible after their determination but in any event no later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to BESA, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 22 (*Notices*).

*Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this sub-paragraph 6.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability to the Issuer, the Guarantor or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**6.3 Interest on Dual Currency Interest Notes**

In the case of Dual Currency Interest Notes, the Interest Rate or Interest Amount payable shall be determined in the manner specified in the Applicable Pricing Supplement.

**6.4 Mixed Rate Notes**

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable on the form of interest bearing Note (be it a Fixed Rate Note, Floating Rate Note, Indexed Note or Dual Currency Note) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Indexed Notes or Dual Currency Notes, as the case may be.

**6.5 Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of Notes evidenced by a Global Certificate, the date on which the full amount of the moneys payable has been received by the CSD and notice to that effect has been given to Noteholders in accordance with Condition 22 (*Notices*).

**6.6 Business Day Convention**

If any Interest Payment Date (or other date) which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) the “**Floating Rate Business Day Convention**”, such Interest Payment



Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or

- (b) the “**Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the “**Modified Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the “**Preceding Business Day Convention**”, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

## 7. REDEMPTION AND PURCHASE

### 7.1 At Maturity

Unless previously redeemed in whole or in part or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the Applicable Pricing Supplement.

### 7.2 Redemption for Tax Reasons

Notes may be redeemed at the option of the Issuer, at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes), on giving not less than 30 (thirty) nor more than 60 (sixty) days’ notice to the Noteholders prior to such redemption, in accordance with Condition 22 (*Notices*) (which notice shall be irrevocable), if the Issuer (or the Guarantor), immediately prior to the giving of such notice, is of the reasonable opinion that:

7.2.1 as a result of any change in, or amendment to, the laws or regulations of South Africa or the Federal Republic of Germany or any political subdivision of, or any authority in, or of, South Africa having power to tax, or any change or amendment which becomes effective after the relevant Issue Date, the Issuer or the Guarantor is or would be required to pay additional amounts as provided or referred to in Condition 10 (*Taxation*); and

7.2.2 the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Notes may be redeemed by the Issuer in accordance with this Condition 7.2 (*Redemption for*



*Tax Reasons*) in whole or in part. A redemption in part may be effected by the Issuer in the event that only some Notes in a Series are affected:

7.2.3 notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 10 (*Taxation*); and

7.2.4 *mutatis mutandis* in the manner described in Condition 7.3 (*Redemption at the Option of the Issuer*), provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount therein shall be disregarded for such purposes.

Notes redeemed for tax reasons pursuant to this Condition 7.2 (*Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.5 (*Early Redemption Amounts*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

### 7.3 **Redemption at the Option of the Issuer**

If so specified in the Applicable Pricing Supplement, the Issuer may, having (unless otherwise specified in the Applicable Pricing Supplement) given not less than 15 (fifteen) days' notice to the CSD and, in accordance with Condition 22 (*Notices*), the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with accrued interest. In the event of a redemption of some of the Notes, such redemption must be of a nominal amount being the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by Individual Certificates, and in accordance with the rules of CSD, the Participants and BESA, in the case of Redeemed Notes represented by a Global Certificate, and in each case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").

In the case of Redeemed Notes represented by Individual Certificates, a list of the serial numbers of such Redeemed Notes (which shall include, in the case of Redeemed Notes which are Bearer Notes or Order Notes, the Receipts and/or Coupons) will be published in accordance with Condition 22 (*Notices*) not less than 15 (fifteen) days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes represented by a Global Certificate shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 22 (*Notices*) at least 10 (ten) days prior to the Selection Date.

Holders of Redeemable Notes shall surrender the Individual Certificates, together with Receipts and Coupons, if any, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Individual Certificates, Receipts and Coupons are redeemed, the Issuing Agent shall deliver new Individual Certificates, Receipts and Coupons to such Noteholders in respect of the balance of the Notes.

#### 7.4 **Redemption at the Option of the Noteholders**

If Noteholders are specified in the Applicable Pricing Supplement as having an option to request the redemption of Notes, such Noteholders may exercise such option in respect of such Notes represented by Individual Certificates by delivering to the Issuing Agent, in accordance with Condition 22 (*Notices*), a duly executed notice ("**Put Notice**"), at least 30 (thirty) days but not more than 60 (sixty) days, prior to the Optional Redemption Date.

For redemption in part, the redemption amount specified in such Put Notice in respect of any such Note must be of a principal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.

The redemption of Notes represented by a Global Certificate shall take place in accordance with the Applicable Procedures.

The Issuer shall proceed to redeem the Notes in respect of which such option has been exercised in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

In the event that the redeeming Noteholder is the holder of an Individual Certificate, then such Noteholder shall (attached to the Put Notice) deliver the Individual Certificate, together with Receipts and/or Coupons, if any, to the Issuing Agent for cancellation. A holder of an Individual Certificate shall in that holder's Put Notice specify a bank account into which the redemption payment amount is to be paid.

The delivery of Put Notices shall be required to take place during normal office hours of the Issuer and Issuing Agent. Put Notices shall be available from the specified offices of the Issuing Agent.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where after giving the notice but prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

The Issuer shall have no liability to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder.

#### 7.5 **Early Redemption Amounts**

For the purpose of the Condition 7.2 (*Redemption for Tax Reasons*) and Condition 11 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- 7.5.1 in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- 7.5.2 in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue

Price or which is payable in a Specified Currency other than that in which the Notes are denominated at the amount set out in, or to be determined in the manner specified in, the Applicable Pricing Supplement, at that Final Redemption Amount or, if no such amount or manner is so specified in the Applicable Pricing Supplement, at their Nominal Amount; or

- 7.5.3 in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to either:
- (a) the sum of:
    - (i) the Reference Price specified in the Applicable Pricing Supplement;
    - (ii) the product of the Implied Yield specified in the Applicable Pricing Supplement (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 such Note becomes due and repayable; or
  - (b) such other amount as specified in the Applicable Pricing Supplement.

Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365 or such other calculation basis as may be specified in the Applicable Pricing Supplement.

#### 7.6 **Instalment Notes**

If the Notes are repayable in instalments, Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates specified in the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 7.2 (*Redemption for Tax Reasons*) or 22 (*Notices*), the Early Redemption Amount will be determined pursuant to Condition 7.5 (*Early Redemption Amounts*).

#### 7.7 **Partly-Paid Notes**

If the Notes are Partly-Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 (*Redemption and Purchase*) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 7.2 (*Redemption for Tax Reasons*) or 22 (*Notices*), the Early Redemption Amount will be determined pursuant to Condition 7.5 (*Early Redemption Amounts*).

#### 7.8 **Exchangeable Notes**

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise in the manner indicated in the Applicable Pricing Supplement. Exchangeable Notes in respect of which Mandatory Exchange is indicated in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder’s Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder so many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the in specie redemption in full of such Notes.

#### 7.9 **Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes (including all

unmatured Coupons and Receipts) at any price in the open market or otherwise. Such Notes may, subject to applicable law, be held, resold, or, at the option of the Issuer surrendered to the Issuing Agent for cancellation.

#### 7.10 **Cancellation**

All Notes which have been redeemed will forthwith be cancelled (together with all unmaturing Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All unmaturing Receipts and Coupons attached thereto or surrendered therewith at the time of redemption will be dealt with, and amounts will be paid (if any), in accordance with the Coupon Redemption Calculation as specified in the Applicable Pricing Supplement. All Receipts and Coupons in relation to which payments are made (if any) in accordance with the Coupon Redemption Calculation will be cancelled immediately and no further payments will be made in relation to them. All Notes so cancelled shall be forwarded to the Issuer and cannot be re-issued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Issuing Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes. If any Note is purchased and cancelled without all unmaturing Coupons appertaining thereto, the Issuer shall make payment in respect of any such missing Coupon in accordance with Condition 8 (*Payments*) notwithstanding that the Note has been cancelled.

#### 7.11 **Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7 (*Redemption and Purchase*) or upon its becoming due and repayable as provided in Condition 22 (*Notices*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5 (*Early Redemption Amounts*) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) 5 (five) days after the date on which the full amount of the moneys payable has been received by the CSD's Nominee, and notice to that effect has been given to the Noteholder in accordance with Condition 22 (*Notices*).

### 8. **PAYMENTS**

#### 8.1 **Registered Notes**

Payments of interest on an Individual Certificate shall be made to the registered holder of such Note, as set forth in the Register on the close of business on the Last Date to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Certificate shall be required, on or before the Last Date to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Issuing Agent.

Payments of interest in respect of a Global Certificate will be made to the CSD's Nominee, or such other registered holder of the Global Certificate, as shown in the Register on the Last Date to Register and the Issuer will be discharged by proper payment to the registered holder of the Global Certificate in respect of each amount so paid. Each of the persons shown in the records of the CSD and the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such Global Certificate(s).

## 8.2 Bearer Notes

Payments of interest in respect of Bearer Notes will be made to the Bearer only against presentation and surrender by the Bearer or its Representative of the relevant Coupon or (in respect of interest bearing Bearer Notes issued without Coupons) only against presentation by the Bearer or its Representative of the relevant Certificate. Payments of Instalment Amounts in respect of Bearer Notes will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the relevant Receipt. Payments of the final instalment of principal in respect of Bearer Notes will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the Certificate in respect of such Bearer Notes. Upon surrender as aforesaid, the Bearer or its Representative shall be required to nominate in writing to the Paying Agent a bank account within South Africa (or any Other Banking Jurisdiction specified in the Applicable Pricing Supplement) into which the relevant payment must be made and provide details of its address (being an address within South Africa or any Other Banking Jurisdiction specified in the Applicable Pricing Supplement).

Payments of interest in respect of Bearer Notes shall be made in accordance with Condition 8.4 (*Method of Payment*) only following surrender of the relevant Coupon to the Paying Agent.

Payments of Instalment Amounts in respect of Instalment Notes which are Bearer Notes shall be made by the Issuer in accordance with Condition 8.4 (*Method of Payment*) only following surrender of the relevant Receipt to the Issuer. No payment in respect of the final redemption of a Bearer Note shall be made until the later of:

8.2.1 the Relevant Date; and

8.2.2 the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Paying Agent.

## 8.3 Order Notes

Payments of interest in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the relevant Coupon. Payments of Instalment Amounts in respect of Order Notes will be made to the Noteholder only following presentation and surrender by the Payee or its Representative of the relevant Receipt. Payments of the final instalment of principal in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the Certificate in respect of such Order Notes. Upon presentation and/or surrender as aforesaid, the Payee or its Representative shall be required to nominate in writing to the Paying Agent a bank account within South Africa (or any Other Banking Jurisdiction specified in the Applicable Pricing Supplement) into which the relevant payment must be made and provide details of its address (being an address within South Africa or any Other Banking Jurisdiction specified in the Applicable Pricing Supplement).

Payments of interest in respect of Order Notes shall be made in accordance with Condition 8.4 (*Method of Payment*) only following surrender of the relevant Coupon to the Paying Agent.

Payments of Instalment Amounts in respect of Instalment Notes which are Order Notes shall be made by the Issuer in accordance with Condition 8.4 (*Method of Payment*) only following surrender of the relevant Receipt to the Issuer. No payment in respect of the final redemption of an Order Note shall be made until the later of:



- 8.3.1 the Relevant Date; and
- 8.3.2 the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Paying Agent.

Upon final redemption as aforesaid, all unmatured Coupons relating to Order Notes (whether or not surrendered with the relevant Certificate) shall become void and no payment shall be made thereafter in respect of them.

#### 8.4 **Method of Payment**

Payments will be made in the Specified Currency either in cash (if the Specified Currency is the legal currency of the country where Notes or Coupons or Receipts are presented) or by means of electronic settlement, to the Noteholder.

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque marked “*not transferable*” (or by such number of cheques as may be required in accordance with applicable banking law and practice) to make payment of any such amounts. Such payments by cheque shall be sent by post to:

- 8.4.1 the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
- 8.4.2 the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon surrender in accordance with Condition 8.2 (*Bearer Notes*) or 8.3 (*Order Notes*), as the case may be.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer, the Guarantor nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 8.4 (*Method of Payment*).

In the case of joint Noteholders of Registered Notes payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

#### 8.5 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay, unless otherwise indicated in the Applicable Pricing Supplement.



## 8.6 Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- 8.6.1 any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*);
- 8.6.2 the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- 8.6.3 the Optional Redemption Amount(s) (if any) of the Notes;
- 8.6.4 in relation to Instalment Notes, the Instalment Amounts;
- 8.6.5 in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5 (*Early Redemption Amounts*)); and
- 8.6.6 any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*).

## 9. EXCHANGE OF TALONS

On or after the Interest Payment Date on which the final Coupon (comprising the Coupon attached to the relevant Certificate relating to the latest Interest Payment Date in respect of that Series of Coupons) matures, but not later than the date for prescription (in accordance with Condition 18 (*Prescription*)) of the Talons which may be exchanged for the respective Coupons, the Talon (if any) attached to the relevant Certificate upon issue, may be surrendered at the specified office of the Issuer in exchange for further Coupons, including (if such further Coupons do not include Coupons to, and including, the final date for the payment of interest due in respect of the Notes to which they pertain) a further Talon, subject to the provisions of Condition 18 (*Prescription*). Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon issued relative to such Talon matures.

## 10. TAXATION

All payments of principal and Interest on Notes shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in or on behalf of or by or on behalf of South Africa or the Federal Republic of Germany in relation to the Guarantee or any political subdivision or authority therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Noteholders after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which, with respect to any Note:

- 10.1 held by or on behalf of a Noteholder, who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- 10.2 held by or on behalf of a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority (the effect of which is not

- to require the disclosure of the identity of the relevant Noteholder); or
- 10.3 where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
  - 10.4 more than 30 (thirty) days after the Relevant Date except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such 30<sup>th</sup> (thirtieth) day; or
  - 10.5 if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters; or
  - 10.6 where the Noteholder is entitled to claim a tax reduction, credit or similar benefit in respect to such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty.

Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

## 11. EVENTS OF DEFAULT

- 11.1 Each Noteholder shall be entitled, by delivery of a notice in accordance with Condition 22 (*Notices*), to declare his Notes due and demand immediate redemption thereof at an amount calculated in accordance with Condition 7.5 (*Early Redemption Amounts*) in the event (each an "**Event of Default**") that:
  - 11.1.1 any amounts due under the Notes have not been paid within 30 (thirty) days from the relevant due date; or
  - 11.1.2 the Issuer fails duly to perform any other obligation arising from the Notes, or the Guarantor should fail to perform any obligation arising from the Undertaking referred to in Condition 13 (*Guarantee*) and such failure continues for more than 45 (forty five) days after the Issuer has received notice thereof from a Noteholder; or
  - 11.1.3 the Issuer should default on fulfilment of any payment obligation for principal or interest which exceeds the total amount of USD25,000,000 (or its equivalent) arising from any notes issued or guaranteed by it and such amounts have not been paid within any applicable grace period; or
  - 11.1.4 the Issuer or the Guarantor announces its inability to meet its financial obligations; or
  - 11.1.5 a court opens bankruptcy or winding up or other insolvency proceedings against the Issuer or the Guarantor, or such proceedings are instituted and have not been discharged or stayed within 60 (sixty) days, or the Issuer or the Guarantor applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally; or
  - 11.1.6 the Issuer or the Guarantor goes into liquidation unless this is done in connection with a merger, consolidation or other form of consolidation with another company or in connection with a reconstruction and such other or new company assumes all obligations contracted by the Issuer or the Guarantor, as the case may be, in connection with the issue of the Notes.

The right to declare the Notes due shall terminate if the situation giving rise to it

has been cured before the right is exercised.

Any notice, including any notice declaring Notes due, in accordance with this Condition 11 (*Events of Default*) shall be made by means of written declaration delivered by hand or registered post to the Issuer.

In the case of Conditions 11.1.2 or 11.1.3, any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in Conditions 11.1.1, 11.1.4 and 11.1.5 entitling Noteholders to declare their Notes due has occurred, become effective only when the Issuer has received such notices from Noteholders holding at least one tenth of the aggregate principal amount on the Notes representing a Series or, if this is less, one tenth of in principal amount of all Notes then Outstanding.

#### 11.2 Notification of Event of Default

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify the Guarantor, all Noteholders and BESA in writing.

### 12. NEGATIVE PLEDGE OF THE ISSUER

So long as any of its Notes remain Outstanding, but (in respect of Notes represented by the Global Certificate) only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, the Issuer undertakes not to provide security over its assets for any other notes, including any guarantee or indemnity assumed therefor, without at the same time having the Noteholders share equally and rateably in such security, provided that security over its assets is neither mandatory pursuant to applicable laws nor required as a prerequisite for obtaining any governmental approvals.

### 13. GUARANTEE

13.1 The Guarantor has given its unconditional and irrevocable guarantee (the "**Guarantee**") for the due payment of the amounts corresponding to the principal of and interest on the Notes. The Guarantor has further undertaken (the "**Undertaking**") as long as Notes are Outstanding but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to provide for other notes or bonds, including any guarantee or indemnity assumed therefor, any security upon its assets without at the same time having such Noteholders share equally and rateably in such security, provided that security upon its assets is neither mandatory pursuant to applicable laws nor required as a prerequisite for governmental approvals.

13.2 The Guarantee constitutes a contract for the benefit of the Noteholders as third party beneficiaries in accordance with § 328 (1) BGB, giving rise to the right of each Noteholder to require performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

13.3 The Guarantee will be deposited with, and be held by, the Arranger until the later of:

13.3.1 the date on which the Programme is terminated by the Issuer; and

13.3.2 the date on which all of the obligations of the Issuer and the Guarantor under or in respect of the Notes have been discharged in full.

13.4 Each Noteholder shall be entitled to require the Arranger, which shall be obliged, to provide a copy of the Guarantee to that Noteholder on request. In holding the Guarantee, the Arranger does not act in any fiduciary or similar capacity for the Noteholders and it has not accepted any liability, duty or responsibility to Noteholders in this regard.

#### 14. SUBSTITUTION

The Guarantor shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer, either itself or any other company, by cession and delegation of the Issuer's obligations relating to the Notes, to any other company (the "**Substituted Issuer**") as principal debtor in respect of all obligations arising from or in connection with the Notes, provided that:

- (a) the Substituted Issuer is in a position to fulfil all payment obligations arising from or in connection with the Notes in ZAR without the necessity of any taxes or duties or other governmental charges to be withheld at source, and to transfer all amounts which are required therefor to the Noteholders without any restrictions;
- (b) more than 90% (ninety percent) of the voting shares or other voting interests of the Substituted Issuer are directly or indirectly owned by the Guarantor; and
- (c) the Substituted Issuer is a resident of South Africa in accordance with the prevailing South African Exchange Control Regulations (if any).

Any such substitution shall be notified in accordance with Condition 22 (*Notices*).

In the event of such substitution any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Issuer.

#### 15. CERTIFICATES

- 15.1 Listed Registered Notes will initially be evidenced by a single Global Certificate which will be lodged with the CSD. The CSD's Nominee will be reflected in the Register as the holder of the Global Certificate.
- 15.2 A Beneficial Interest in Notes will be exchangeable for an Individual Certificate if (i) a written request for Notes in definitive form is submitted by the holder of the Beneficial Interest to the relevant Participant not later than 10 (ten) days prior to the requested date of such exchange, (ii) the Applicable Procedures for obtaining such a Certificate from the Issuing Agent are followed, and (iii) an equivalent number of Notes are transferred in accordance with the provisions of Condition 17 (*Transfer of Notes*) from the CSD or its nominee to the holder of such Beneficial Interest. If only part of the Notes represented by a Global Certificate are exchanged, a new Global Certificate for the balance will be issued and the cancelled Global Certificate will be retained by the Issuing Agent.
- 15.3 A Noteholder shall be entitled to receive a Certificate evidencing the Notes transferred to that Noteholder within 10 (ten) days after registration of that transfer in accordance with Condition 17 (*Transfer of Notes*) (and which will apply *mutatis mutandis* to such Certificate), provided that joint Noteholders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those Noteholders shall be delivery to all of them.
- 15.4 A Noteholder shall be entitled to receive a Certificate in respect of a Registered Note which is not listed, or an Order Note or a Bearer Note within 10 (ten) days of becoming entitled thereto), provided that joint Noteholders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those Noteholders shall be delivery to all of them.
- 15.5 If a Certificate, Receipt or Coupon is worn out or defaced then, within 10 (ten) days of its presentation to the Issuing Agent, the Issuing Agent shall cancel that Certificate, Receipt or Coupon and issue a new Certificate, Receipt or Coupon in its place.
- 15.6 If a Certificate, Receipt or Coupon is lost or destroyed then upon proof thereof to the satisfaction of the Issuing Agent, a new Certificate, Receipt or Coupon in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, Receipt or Coupon, provided that the Noteholder shall provide the Issuing Agent

and the Issuer with an indemnity and pay any out-of-pocket expenses incurred in connection with the indemnity. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer. The new Certificate, Receipt or Coupon shall be issued within 10 (ten) days from the date that the conditions for issuing such Certificate Receipt or Coupon have been fulfilled. If the original Certificate, Receipt or Coupon is found it shall be returned to Issuer for destruction.

- 15.7 An entry as to the issue of a new Certificate, Receipt or Coupon and indemnity (if any) shall be made in the Register (in respect of Registered Notes) upon the date of issue of the new Certificate, Receipt or Coupon.
- 15.8 Certificates, Receipts and Coupons to be provided by the Issuer to Noteholders shall be collected by the Noteholders from the Issuing Agent.
- 15.9 Certificates, Receipts and Coupons shall be provided where relevant by the Issuer without charge, save as otherwise provided in these Terms and Conditions. Separate costs and expenses relating to the provision of Certificates Receipt or Coupon and/or the transfer of Notes may be levied by other persons, such as a Participant, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

## 16. REGISTER

- 16.1 The Register of Noteholders:
  - 16.1.1 shall be kept at the office of the Issuing Agent or such other person as may be appointed for the time being by the Issuer to maintain the Register;
  - 16.1.2 shall contain the names, addresses and bank account numbers of the registered Noteholders;
  - 16.1.3 shall show the total Nominal Amount of the Notes held by Noteholders;
  - 16.1.4 shall show the dates upon which each of the Noteholders was registered as such;
  - 16.1.5 shall show whether the Notes are Registered Notes, Bearer Notes or Order Notes;
  - 16.1.6 shall show the serial numbers of the Certificates and the dates of issue thereof;
  - 16.1.7 shall be open for inspection at all reasonable times during business hours on Business Days by any Noteholder or any person authorised in writing by a Noteholder;
  - 16.1.8 shall be closed during the Books Closed Period.
- 16.2 The Issuing Agent shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.
- 16.3 Except as provided for in these Conditions or as required by law, in respect of Registered Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.
- 16.4 Except as provided for in these Conditions or as required by law, the Issuer shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Certificate may be subject.



## 17. TRANSFER OF NOTES

### 17.1 Registered Notes

Beneficial Interests in Notes registered in the name of the CSD's Nominee may be transferred in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register. In order for any transfer of Registered Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Registered Note:

- 17.1.1 must be in writing and in the usual form or in such other form approved by the Issuing Agent;
- 17.1.2 must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that registered Noteholder or transferee;
- 17.1.3 shall only be in respect of the Specified Denomination of the Note or integral multiples thereof, and consequently the Issuer will not recognise any fraction of the Specified Denomination;
- 17.1.4 must be delivered to the Issuing Agent together with the Certificate in question for cancellation (if only part of the Notes represented by a Certificate is transferred, a new Certificate for the balance will be issued to the transferor and the cancelled Certificate will be retained by the Issuing Agent).

The transferor of any Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Issuing Agent reasonably requires as to the identity and title of the transferor and the transferee.

No transfer will be registered whilst the Register is closed.

If a transfer is registered then the transfer form and cancelled Certificate will be retained by the Issuing Agent.

In the event of a partial redemption of Notes under Condition 7.3 (*Redemption at the Option of the Issuer*), the Issuing Agent shall not be required in terms of Condition 7.3 (*Redemption at the Option of the Issuer*), to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

### 17.2 Transfer of Bearer Notes

Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may be transferred by the delivery of the Certificate in respect of such Bearer Note or the relevant Receipt or Coupon relating thereto, as the case may be. Where the last Endorsement on a Certificate in respect of an Order Note or a Receipt or Coupon relating thereto is an Endorsement in Blank, then such Order Note shall be treated as a Bearer Note and such Certificate, Receipt or Coupon, as the case may be, shall be treated as being in respect of a Bearer Note.

### 17.3 Transfer of Order Notes

Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may be transferred by the Endorsement of the Certificate in respect of such Order Note or Receipt or Coupon relating thereto, as the case may be, by the old Payee and the delivery of such Certificate, Receipt or Coupon to the new Payee.



#### 17.4 **Prohibition on stripping**

Where so specified in the Applicable Pricing Supplement, Bearer Notes or Order Notes which are issued with Receipts and/or Coupons attached and which are redeemable at the option of the Issuer and/or Noteholders shall be issued subject to the condition that the relevant Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may only be transferred to a single transferee at a time and accordingly that the various rights in respect of such Notes may not be stripped and transferred to various transferees at different times.

#### 18. **PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless presented for payment of principal within a period of three years after their redemption date, save that claims against the Issuer under any Certificate, Receipt or Coupon constituting a "*bill of exchange or other negotiable instrument*" in accordance with section 11 of the Prescription Act, 1969 will prescribe within a period of six years after their redemption date.

#### 19. **CALCULATION AGENT AND OTHER AGENTS**

Any third party appointed by the Issuer as Calculation Agent, Issuing Agent or otherwise shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders. The Issuer is entitled to vary or terminate the appointment of such agents and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts.

#### 20. **AMENDMENT OF THESE CONDITIONS**

20.1 These Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 20 (*Amendment of these Conditions*), no addition, variation or consensual cancellation of these Conditions shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer, the Guarantor and the Noteholders.

20.2 No modification of these Terms and Conditions may be effected without the written agreement of the Issuer and the Guarantor. The Issuer may effect, without the consent of the relevant Class of Noteholders any modification of the Terms and Conditions 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 of the jurisdiction in which the Issuer is chartered, provided that the consent of BESA shall be required where such Notes are listed on BESA. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be notified to the relevant Class of Noteholders in accordance with Condition 22 (*Notices*) as soon as practicable thereafter.

20.3 The Issuer may, subject to the written consent of the Guarantor, with the prior sanction of an Extraordinary Resolution of Noteholders or with the prior written consent of Noteholders holding not less than 75% (seventy five percent) in Nominal Amount of the Notes outstanding from time to time, amend these Conditions, provided that no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to all Noteholders in terms of Condition 22 (*Notices*).

#### 21. **MEETINGS OF NOTEHOLDERS**

21.1 The Issuer may at any time convene a meeting of all Noteholders or holders of any Series of Notes upon at least 21 (twenty one) days' prior written notice to such Noteholders. This notice is required to be given in terms of Condition 22 (*Notices*). Such notice shall specify the date, place and time of the meeting to be held, which place shall be in South Africa.

- 21.2 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 21.3 Noteholders holding not less than 10% (ten percent) in Nominal Amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 (ten) days of such a request being received by the Issuer, the Noteholders requesting such a meeting may convene such meeting.
- 21.4 A Noteholder may by an instrument in writing (a “**form of proxy**”) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a “**proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 21.5 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a “**representative**”) in connection with any meeting or proposed meeting of the Noteholders.
- 21.6 Any proxy or representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the notes shall be deemed for such purposes not to be the holder.
- 21.7 The chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 21 (*Meetings of Noteholders*). Should the Noteholder requisition a meeting, and the Issuer fail to call such a meeting within 10 (ten) days of the requisition, then the chairman of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in person, by representative or by proxy.
- 21.8 At any such meeting one or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Nominal Amount of Notes for the time being outstanding shall form a quorum for the transaction of business. On a poll, each Noteholder present in person or by proxy at the meeting shall have the number of votes equal to the number of Notes, by denomination, held by the Noteholder.

## 22. NOTICES

Notices to Noteholders of Registered Notes shall be valid if mailed to their registered addresses appearing in the Register. Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed.

In the event of there being any Individual Certificates (whether evidencing Registered Notes, or in respect of Bearer Notes or Order Notes) in issue, such notices shall be published, not earlier than four days after the date of posting of such notice in terms of this clause (i) in an English language daily newspaper of general circulation in South Africa and (ii) and for so long as the Notes are listed on BESA or such other or further exchange or exchanges upon which the Notes are listed, a daily newspaper of general circulation in the city in which BESA or such other or further exchange or exchanges is situated, and any such notices shall be deemed to have been given on the date of first publication.

If any notice is given to holders of Notes represented by a Global Certificate, a copy thereof shall be delivered to BESA or such other or further exchange or exchanges, the CSD and the Participants.

Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer, on the date of delivery, and if sent by registered mail, on the fourteenth day after the day on which it is sent, together with a certified copy of the relevant Certificate, Coupon or Receipt with the Issuing Agent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.

For so long as any of the Notes are represented by a Global Certificate, notice may be given by any holder of a Beneficial Interest in Notes represented by a Global Certificate to the Issuer via the relevant Participant in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participant may approve for this purpose.

**23. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes ranking *pari passu* in all respects save for the Issue Price and the Issue Date, so that the further Notes shall be consolidated to form a single Series with the Outstanding Notes, but subject to the Applicable Pricing Supplement.

**24. GOVERNING LAW**

The Notes, as to form and content, and all rights and obligations to the Notes are governed by, and shall be construed in accordance with, the laws of South Africa in force from time to time.

With respect to the rights and duties of the Guarantor it has been agreed that the law of the Federal Republic of Germany shall apply.

For the avoidance of doubt, any rights of security provided to or for the benefit of Noteholders in accordance with Condition 13 (*Guarantee*) may be so provided in terms of the law, South African or otherwise, to which the instrument creating the encumbrance referred to in Condition 13 (*Guarantee*) is subject.

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**USE OF PROCEEDS**

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*Words used in this section entitled "Use of Proceeds" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

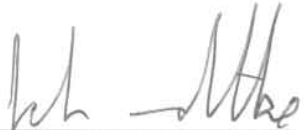
For purposes of the Commercial Paper Regulations published in Government Notice 2172 in Government Gazette 16167 of 14 December 1994 under section 90 of the Banks Act, 1990 (the "**Commercial Paper Regulations**") it is recorded that the "*Ultimate Borrower*", as defined in the Commercial Paper Regulations, of the net proceeds from each Tranche of Notes will be the Issuer, unless otherwise indicated in the Applicable Pricing Supplement.

The proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or as may otherwise be described in the Applicable Pricing Supplement save for obtaining overnight funding or for granting money loans or credit (other than customary credit in respect of the sale of goods or the provisions of services by the Issuer of the Notes) to the general public.

SIGNED at Pretoria this 30<sup>th</sup> day of June 2008.

For and on behalf of

**MERCEDES-BENZ SOUTH AFRICA (PROPRIETARY) LIMITED**



Name: BE SCHWENOTKE  
Capacity: DIRECTOR

Who warrants his authority hereto



Name: DR H NIEFER  
Capacity: DIRECTOR

Who warrants his authority hereto

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## FORM OF THE NOTES

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*Words used in this section entitled "Form of the Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

Notes may be issued in registered, unlisted registered, bearer or order form, as specified in the Applicable Pricing Supplement.

The Notes may be listed on BESA and/or a successor exchange to BESA or such other or further exchange or exchanges as the Issuer may select in relation to an issue. Unlisted Notes may also be issued under this Programme. Each Tranche of Notes listed on BESA will be issued in accordance with the Terms and Conditions set out below in this Programme Memorandum in the form of a single Global Certificate, without interest Coupons, which will be lodged and immobilised in the CSD, which forms part of the settlement system of BESA. This will entail that the Notes, represented by the Global Certificate, will be deposited with the CSD and registered in the name of, and for the account of, the CSD's Nominee.

In the event that the Notes are uncertificated, no Certificates shall be issued in respect thereof.

All Notes not represented by a Global Certificate, including Bearer Notes and Order Notes (each defined below) shall be issued in definitive form, in the form of a Individual Certificate. Notes represented by Individual Certificates may only be transferred in accordance with the provisions of Condition 17 (*Transfer of Notes*).

### Listed Registered Notes

Beneficial Interests in listed Registered Notes which are lodged in the form of the Global Certificate in the CSD may, in terms of existing law and practice, be transferred through the CSD by way of book entry in the securities accounts of the Participants in the CSD, who are also approved by BESA to act as Settlement Agents and therefore perform electronic settlement of both funds and scrip on behalf of market participants. A certificate or other document issued by a Participant as to the nominal amount of such Beneficial Interest in Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest. A Global Certificate may be replaced by the issue of uncertificated securities in terms of Section 37 of the Securities Services Act.

Beneficial Interests in listed Registered Notes may be exchanged, without charge by the Issuer, for Individual Certificates in accordance with the provisions of Condition 15 (*Certificates*) of the Terms and Conditions. The Notes represented by the Global Certificate and Individual Certificates will be registered in the names of the Noteholders in the Register of Noteholders maintained by or on behalf of the Issuer. The Issuer shall regard the Register as the conclusive record of title to the Notes. The CSD shall be recognised by the Issuer as the registered holder of the Notes represented by the Global Certificate and the registered holders of Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

In the event that the Notes are uncertificated, the Issuer shall record in its Register the name of the nominee of the CSD as the registered holder of the uncertificated securities.

### Bearer and Order Notes

Bearer Notes issued in bearer form and Order Notes issued in order form and which are interest bearing shall, if indicated in the Applicable Pricing Supplement, have interest Coupons and, if indicated in the Applicable Pricing Supplement, Talons for further Coupons attached on issue. Notes repayable in instalments shall have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue.

Title to Bearer Notes and/or Receipts, Coupons and Talons attached on issue to the Individual Certificate in respect of such Bearer Notes will pass by delivery of such Certificate, Receipt,

Coupon or Talon (as the case may be). Title to Order Notes and/or any Receipts, Coupons and Talons attached on issue to the Individual Certificate in respect of such Order Note, will pass by way of endorsement and delivery of such Certificate, Receipt, Coupon or Talon (as the case may be).



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**PRO FORMA APPLICABLE PRICING SUPPLEMENT**

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Set out below is the form of the Applicable Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme:

# Mercedes-Benz South Africa

**MERCEDES-BENZ SOUTH AFRICA (PROPRIETARY) LIMITED**

*(Pretoria, Republic of South Africa)*

**unconditionally and irrevocably guaranteed by**

**DAIMLER AG**

*(Stuttgart, Federal Republic of Germany)*

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

**Under its ZAR18,000,000 Domestic Medium Term Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Programme Memorandum dated 30 June 2008. The Notes described in this Applicable Pricing Supplement are subject to the Terms and Conditions in the Programme Memorandum. This Applicable Pricing Supplement contains the final terms of the Notes and this Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

## DESCRIPTION OF THE NOTES

1. Issuer	Mercedes-Benz South Africa (Proprietary) Limited
2. Guarantor	Daimler AG
3. Series Number	[ ]
4. Tranche Number	[ ]
5. Specified Currency	[ZAR]
6. Aggregate Nominal Amount	[ ]
7. Issue Price	[ ]
8. Specified Denomination	[ ]
9. Issue Date	[ ]
10. Interest Commencement Date	[ ]
11. Business Centre	[ ]
12. Additional Business Centre	[ ]
13. Interest/Payment Basis	[Fixed Rate/Floating Rate/Zero Coupon/Index-Linked/Dual Currency/Partly-Paid/Instalment/other] Notes
14. Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[insert details including date for conversion]
15. Status of Notes	Senior

- [Unsecured] [Secured]
16. Form of Notes [Registered/Bearer/Order] Notes
17. Maturity Date [ ]
18. Applicable Business Day Convention [Floating Rate Business Day/Following Business Day/Modified Following Business Day/Modified Following Business Day Adjusted/Preceding Business Day/other convention – insert details]
19. Final Redemption Amount [ ]
20. Last Date to Register by 17h00 on [...] and [...] of each year
21. Books Closed Period(s) The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
22. Default Rate [ ]

#### **FIXED RATE NOTES**

23. (a) Fixed Interest Rate [ ] percent per annum [payable annually/semi-annually/quarterly] in arrear
- (b) Fixed Interest Payment Date(s) [ ] in each year up to and including the Maturity Date/other
- (c) Initial Broken Amount [ ]
- (d) Final Broken Amount [ ]
- (e) Any other terms relating to the particular method of calculating interest [ ]

#### **FLOATING RATE NOTES**

24. (a) Floating Interest Payment Date(s) [ ]
- (b) Interest Period(s) [ ]
- (c) Definition of Business Day (if different from that set out in Condition 1 (*Interpretation*)) [ ]
- (d) Minimum Interest Rate [ ] percent per annum
- (e) Maximum Interest Rate [ ] percent per annum
- (f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) [ ]
- (g) Manner in which the Interest Rate is to be determined [ISDA Determination/Screen Rate Determination/other – insert details]
- (h) Margin [(...) basis points to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)]
- (i) If ISDA Determination
- (a) Floating Rate [ ]

- (b) Floating Rate Option [ ]
- (c) Designated Maturity [ ]
- (d) Reset Date(s) [ ]
- (e) ISDA Definitions to apply [ ]
- (j) If Screen Determination
  - (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [ ]
  - (b) Interest Rate Determination Date(s) [ ]
  - (c) Relevant Screen Page and Reference Code [ ]
- (k) If Interest Rate to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Interest Rate /Margin/Fallback provisions [ ]
- (l) If different from the Calculation Agent, the agent responsible for calculating amount of principal and interest [ ]

**ZERO COUPON NOTES**

- 25. (a) Implied Yield [ ]
- (b) Reference Price [ ] percent [NACA] [NACS] [NACM] [NACQ] [other method of compounding]
- (c) Any other formula or basis for determining amount(s) payable [ ]

**PARTLY-PAID NOTES**

- 26. (a) Amount of each payment comprising the Issue Price [ ]
- (b) Date upon which each payment is to be made by Noteholder [ ]
- (c) Consequences (if any) of failure to make any such payment by Noteholder [ ]
- (d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments [ ] percent

**INSTALMENT NOTES**

- 27. Instalment Dates [ ]
- 28. Instalment Amounts (expressed as a percentage of the aggregate Nominal [ ]

Amount of the Notes)

### MIXED RATE NOTES

29. Interest Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes [     ]
  - (b) Floating Rate Notes [     ]
  - (c) Indexed Notes [     ]
  - (d) Dual Currency Notes [     ]
  - (e) Other Notes [     ]
30. The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes [     ]

### INDEX-LINKED NOTES

31. (a) Type of Index-Linked Notes [Indexed Interest /Indexed Redemption Amount] Notes
- (b) Index/Formula by reference to which Interest Rate/Interest Amount is to be determined [     ]
  - (c) Manner in which the Interest Rate/Interest Amount is to be determined [     ]
  - (d) Interest Period(s) [     ]
  - (e) Interest Payment Date(s) [     ]
  - (f) If different from the Calculation Agent, the agent responsible for calculating amount of principal and interest [     ]
  - (g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable [     ]
  - (h) Definition of Business Day (if different from that set out in Condition 1 (*Interpretation*)) [     ]
  - (i) Minimum Interest Rate [     ] percent per annum
  - (j) Maximum Interest Rate [     ] percent per annum
  - (k) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) [     ]

### DUAL CURRENCY NOTES

32. (a) Type of Dual Currency Notes [Dual Currency Interest/Dual Currency Redemption Amount] Notes

- (b) Rate of Exchange/method of calculating Rate of Exchange [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable [ ]
- (d) Person at whose option Specified Currency(ies) is/are payable [ ]

**EXCHANGEABLE NOTES**

- 33. (a) Mandatory Exchange applicable? [Yes/No]
- (b) Noteholders' Exchange Right applicable? [Yes/No]
- (c) Exchange Securities [ ]
- (d) Manner of determining Exchange Price [ ]
- (e) Exchange Period [ ]
- (f) Other [ ]

**OTHER NOTES**

- 34. Relevant description and any additional Terms and Conditions relating to such Notes [ ]

**PROVISIONS REGARDING REDEMPTION/MATURITY**

- 35. Issuer's Optional Redemption: [Yes/No]  
if yes:
  - (a) Optional Redemption Date(s) [ ]
  - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) [ ]
  - (c) Minimum period of notice (if different from Condition 7.3 (*Redemption at the Option of the Issuer*)) [ ]
  - (d) If redeemable in part:
    - Minimum Redemption Amount(s) [ ]
    - Higher Redemption Amount(s) [ ]
  - (e) Other terms applicable on Redemption [ ]
- 36. Redemption at the Option of the Noteholders: if yes: [Yes/No]
  - (a) Optional Redemption Date(s) [ ]
  - (b) Optional Redemption Amount(s) [ ]

- (c) Minimum period of notice (if different from Condition 7.4 (*Redemption at the Option of the Noteholders*)) [ ]
- (d) If redeemable in part:
- Minimum Redemption Amount(s) [ ]
- Higher Redemption Amount(s) [ ]
- (e) Other terms applicable on Redemption [ ]
- (f) Attach *pro forma* put notice(s)
37. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required) [Yes/No]
38. Coupon Redemption Calculation [Provide Formulae if applicable]

**GENERAL**

39. Exchange [ ]
40. Calculation Agent [ ]
41. Paying Agent [ ]
42. Specified office of the Paying Agent [ ]
43. Issuing Agent [ ]
- (a) Address [ ]
- (b) Telephone Number [ ]
- (c) Telefax Number [ ]
44. Stabilising manager [ ]
45. Provisions relating to Stabilisation [ ]
46. Additional selling restrictions [ ]
47. ISIN [ ]
48. Stock Code [ ]
49. Method of distribution [ ]
50. If syndicated, names of Managers [ ]
51. If non-syndicated, name of Dealer [ ]
52. Credit Rating assigned to Notes (if any) [ ]
53. Receipts attached? If yes, number of Receipts attached [Yes/No]  
[ ]
54. Coupons attached? If yes, number of Coupons attached [Yes/No]  
[ ]
55. Talons attached? If yes, number of Talons attached [Yes/No]  
[ ]



56. Stripping of Receipts and/or Coupons prohibited as provided in Condition 17.4 (*Prohibition on Stripping*) [Yes/No]
57. Governing law (if the laws of South Africa are not applicable) [ ]
58. Other Banking Jurisdiction [ ]

**DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS**

59. Paragraph 3(5)(a)

The ultimate borrower is the [Issuer].

60. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

61. Paragraph 3(5)(c)

The auditor of the Issuer is [insert].

62. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has [not issued any]/[issued ZAR●,000,000] commercial paper; and
- (ii) to the best of the Issuer's knowledge and belief, the Issuer estimates to issue ZAR●,000,000 of commercial paper during the current financial year, ending [date].

63. Paragraph 3(5)(g)

The Notes issued will be [listed/unlisted].

64. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for its [general corporate purposes]/[funding of its business operations]/[other].

65. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured but guaranteed by the Guarantor.

66. Paragraph 3(5)(j)

[Insert], the statutory auditors of the Issuer, have confirmed that their review did not reveal anything which indicates that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

67. Other provisions [ ]

**Responsibility**

The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement.

Application [is hereby]/[will not be] made to list this issue of Notes [on [date]].

SIGNED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

For and on behalf of  
**MERCEDES-BENZ SOUTH AFRICA (PROPRIETARY) LIMITED**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his authority hereto

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his authority hereto

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## GUARANTEE BY DAIMLER AG

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### Daimler AG

Stuttgart, Bundesrepublik Deutschland

(non-binding translation)

#### Garantie

zugunsten der Gläubiger der von der Mercedes-Benz South Africa (Proprietary) Limited (registernummer 1962/000271/07) als Emittenten im Rahmen des ZAR18,000,000,000 Domestic Medium Term Note Programmes vom 30 June 2008.

Die Daimler AG garantiert den Schuldverschreibungsgläubigern hiermit unwiderruflich und unbedingt die ordnungsmäßige Zahlung in Südafrikanischen Rand der Beträge, die Kapital und Zinsen der Schuldverschreibungen entsprechen, nach Maßgabe der für diese Schuldverschreibungen geltenden Schuldverschreibungsbedingungen.

Sinn und Zweck dieser Garantie ist es, sicherzustellen, daß die Schuldverschreibungsgläubiger unter allen tatsächlichen oder rechtlichen Umständen und ungeachtet der Wirksamkeit und Durchsetzbarkeit der Verpflichtungen der Mercedes-Benz South Africa (Proprietary) Limited oder der gemäß Condition 14 (*Substitution of the Issuer*) der Schuldverschreibungsbedingungen an ihre Stelle getretene(n) Gesellschaft (en) sowie ungeachtet aller sonstigen Gründe, aus denen eine Zahlung durch Mercedes-Benz South Africa (Proprietary) Limited oder die gemäß Condition 14 (*Substitution of the Issuer*) der Schuldverschreibungsbedingungen an ihre Stelle getretene(n) Gesellschaft(en) unterbleiben mag, die als Kapital und etwaige Zinsen zahlbaren Beträge zu den Terminen erhalten, die in den Schuldverschreibungsbedingungen vorgesehen sind.

Die Daimler AG gewährleistet ausdrücklich die Zahlung von Kapital und etwaigen Zinsen aller Teilschuldverschreibungen, die seit dem 30 June 2008 unter Bezugnahme auf das vorgenannte Domestic Medium Term Note Programm begeben wurden oder werden.

Solange Schuldverschreibungen unter dem obengenannten Domestic Medium Term Note Programm ausstehen, jedoch nur bis zu dem

#### Guarantee

in favour of the holders of Notes issued since 30 June 2008 by Mercedes-Benz South Africa (Proprietary) Limited (registration number 1962/000271/07) as the Issuer under the ZAR18,000,000,000 Domestic Medium Term Note Programme dated 30 June 2008.

Daimler AG hereby irrevocably and unconditionally guarantees to the Noteholders the due payment in South African Rand of the amounts corresponding to the principal of, and interest, if any, on the Notes in accordance with the Terms and Conditions applicable to the Notes.

The intent and purpose of this Guarantee is to ensure that the Noteholders under all circumstances, whether factual or legal, and regardless of the validity and enforceability of the obligations of Mercedes-Benz South Africa (Proprietary) Limited or the company or companies which may have been substituted for the same pursuant to Condition 14 (*Substitution of the Issuer*) of the Terms and Conditions and regardless of any other grounds on the basis of which Mercedes-Benz South Africa (Proprietary) Limited or the company or the companies which may have been substituted for the same pursuant to Condition 14 (*Substitution of the Issuer*) of the Terms and Conditions may fail to effect payment, shall receive the amounts payable as principal and interest, if any, on the dates stipulated in the Terms and Conditions.

Daimler AG expressly guarantees the payment of principal of and interest, if any, on all Notes issued since 30 June 2008 or to be issued under the aforesaid Domestic Medium Term Note Programme.

So long as any of the Notes issued under the above-mentioned Domestic Medium Term Note Programme are outstanding, but only up to the time all amounts of principal and interest, if any, have been placed at the disposal of the Paying Agent, Daimler AG

Zeitpunkt, an dem alle Beträge an Kapital und etwaigen Zinsen dem Paying Agent zur Verfügung gestellt worden sind, verpflichtet sich die Daimler AG hiermit gegenüber den Schuldverschreibungsgläubigern, für andere Schuldverschreibungen, einschließlich dafür übernommener Garantien und anderer Gewährleistungen, keine Sicherheiten an ihrem Vermögen zu bestellen, ohne die Schuldverschreibungsgläubiger der obengenannten Teilschuldverschreibungen zur gleichen Zeit im gleichen Rang an solchen Sicherheiten teilnehmen zu lassen, vorausgesetzt, daß derartige Besicherungen weder gesetzlich vorgeschrieben sind noch im Zusammenhang mit staatlichen Genehmigungen verlangt werden.

Diese Garantie stellt einen Vertrag zu Gunsten der jeweiligen Schuldverschreibungsgläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar, der jedem Schuldverschreibungsgläubiger das Recht gibt, Erfüllung der hierin übernommenen Verpflichtungen unmittelbar von der Daimler AG zu verlangen und diese Verpflichtungen unmittelbar gegen die Daimler AG durchzusetzen.

Die Deutsche Bank AG, Johannesburg Branch, Johannesburg (registernummer 1998/003298/10), die diese Garantie annimmt, handelt nicht als Treuhänderin oder in ähnlicher Eigenschaft für die Schuldverschreibungsgläubiger.

Das Original dieser Garantie wird der Deutsche Bank Aktiengesellschaft, Johannesburg Branch ausgehändigt. Die Deutsche Bank Aktiengesellschaft, Johannesburg Branch verpflichtet sich, dieses bis zur Erfüllung der Verpflichtungen aus den Schuldverschreibungen und der Garantie in Verwahrung zu halten

Die Rechte und Pflichten aus dieser Garantie bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland. Gerichtsstand ist Frankfurt am Main.

Stuttgart, den • • • • •

**Daimler AG**

Wir nehmen die vorstehenden Erklärungen ohne Obligo, Gewährleistung oder Rückgriff auf uns an.

Johannesburg, den • • • • •

**Deutsche Bank AG, Johannesburg Branch**  
(registernummer 1998/003298/10)

hereby undertakes with the Noteholders not to provide any security upon its assets for other notes or bonds, including any guarantee or indemnity assumed thereof, without at the same time having the Noteholders of the aforesaid Notes share equally and rateably in such security, provided that security upon its assets is neither mandatory pursuant to applicable law nor required as a prerequisite for governmental approvals.

This Guarantee constitutes a contract in favour of the Noteholders from time to time as third party beneficiaries pursuant to § 328 subparagraph (1) German Civil Code (*BGB*) giving rise to the right of each Noteholder to require performance of the obligations undertaken herein directly from Daimler AG and to enforce such obligation directly against Daimler AG.

Deutsche Bank AG, Johannesburg Branch, Johannesburg (registration number 1998/003298/10), which accepts this Guarantee does not act in a fiduciary or similar capacity for the Noteholders.

The original copy of this Guarantee shall be delivered to, and kept by, Deutsche Bank Aktiengesellschaft, Johannesburg Branch. Deutsche Bank Aktiengesellschaft Johannesburg Branch agrees to hold the original copy of this Guarantee in custody until all obligations under the Notes and the Guarantee have been fulfilled

The rights and obligations arising from this Guarantee shall in all respects be governed by the law of the Federal Republic of Germany. Place of jurisdiction shall be Frankfurt am Main.

Stuttgart, • • • • •

**Daimler AG**

We accepted all of the above without recourse, warranty or liability.

Johannesburg, • • • • •

**Deutsche Bank AG, Johannesburg Branch**

(registration number 1998/003298/10)

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## DESCRIPTION OF DAIMLER AG (the “Guarantor” or “Daimler”)

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### 1. **Persons Responsible**

The Guarantor accepts responsibility for the information contained in this “*Description of Daimler AG*”. The Guarantor declares that, having taken all reasonable care to ensure that such is the case, the information contained in this description is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### 2. **Statutory Auditors**

Independent auditors of Daimler are at present KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hessbrühlstrasse 21, D-70565 Stuttgart Federal Republic of Germany; they are a member of the German chamber of public accountants (*Wirtschaftsprüferkammer*).

### 3. **Risk Factors**

Many factors could affect Daimler’s financial condition, cash flows and results of operations. Daimler is subject to various risks resulting from changing economic, political, social, industry, business and financial conditions, particularly in its primary markets, Europe and North America. The principal risks are described in the Section “*Risk Factors*”.

### 4. **Information about Daimler**

Daimler is a stock corporation organized under the laws of the Federal Republic of Germany registered at the Commercial Register of the Stuttgart District Court under HRB 19360 with its executive offices at Mercedesstrasse 137, D-70327 Stuttgart, Telephone +49 (0)711-17-0. It was incorporated on 6 May 1998 under the name DaimlerChrysler AG. On 19 October 2007, following the transfer of a majority interest in Chrysler, it changed its corporate name from DaimlerChrysler AG into Daimler AG.

### 5. **Business Overview**

#### **General Objects of Daimler**

The general object of Daimler is to engage, directly or indirectly, the business of development, production and sale of products and rendering of services, in particular in the following lines of business:

- surface vehicles;
- maritime vehicles, aerospace vehicles and other products in the fields of transport, aerospace and marinetechnology;
- engines and other propulsion systems;
- electronic equipment, machinery and systems;
- communication and information technology;
- financial services of all kinds, insurance brokerage; and
- management and development of real property.

Daimler may take all actions and measures which are incidental to the foregoing or necessary or desirable in order to accomplish the foregoing purposes.

Daimler may set up domestic and foreign subsidiaries and acquire interests in other companies. It may purchase, dispose of, bring under joint management and conclude inter-company agreements with other companies, or limit itself to the management of its

interest in such companies. Daimler is authorised to spin-off its business operations in subsidiaries either in whole or in part.

Daimler may not engage directly in any financial services transactions or banking transactions and transactions with real property which are subject to licensing requirements.

### **Principal Activities**

#### **Business of the Daimler Group**

On 14 May 2007, DaimlerChrysler announced its concept for the future of the Chrysler group and the realignment of DaimlerChrysler AG. On 3 August 2007, DaimlerChrysler and Cerberus Capital Management, L.P., consummated the final agreement on the transfer of a majority interest in the Chrysler group and the related North American financial services business to Cerberus (closing). A 19.9 % equity interest in Chrysler Holding LLC remained with DaimlerChrysler. Chrysler Holding LLC holds 100 % of both Chrysler LLC, which produces and sells Chrysler, Jeep® and Dodge vehicles, and Chrysler Financial Services LLC, which provides financial services for these vehicles in the NAFTA region.

Following this transaction, an Extraordinary Shareholders' Meeting was called for 4 October 2007. The management's proposal to rename DaimlerChrysler AG as Daimler AG was approved with a majority of 98.8 % of the capital stock represented at the meeting. Along with the renaming of the Group as Daimler AG, the divisions were renamed as follows: Mercedes-Benz Cars, Daimler Trucks, Daimler Financial Services, and Vans, Buses, Other, which includes the Mercedes-Benz Vans and Daimler Buses units.

The Daimler Group which includes Daimler AG and its consolidated subsidiaries provides a wide range of transportation products and financial services. Daimler can look back on a tradition that stretches back over more than a hundred years and is marked by the pioneering achievements of automotive engineering. Today, the company is a leading supplier of superior premium passenger cars as well as the world's biggest manufacturer of commercial vehicles with a wide range of first-class trucks, vans and buses. The product portfolio is completed by a range of tailored automotive services. In addition to the equity interest of 19.9 % in Chrysler, Daimler holds an equity interest in the EADS, a leading company in the aerospace and defense industries, which amounted to 24.9 % at the end of the year 2007.

Daimler is active in nearly all countries in the world and employs more than 270,000 people. In 2007, Daimler achieved revenue of € 99.4 billion, of which 52 % was generated by Mercedes-Benz Cars, 26 % by Daimler Trucks, 8 % by the Daimler Financial Services division and 14 % by the Vans, Buses, Other segment.

**Mercedes-Benz Cars.** The products supplied by the division Mercedes-Benz Cars comprises the premium vehicles of the brands Mercedes-Benz, Mercedes AMG, Mercedes-Benz McLaren and the Maybach luxury sedans as well as the high-quality small cars of the smart brand. Most of these vehicles are produced in Germany, but the division also has production facilities in the United States, France, South Africa, Brazil, India, Vietnam and Indonesia and since the year 2005 also in China.

**Daimler Trucks.** As the world's leading truck manufacturer, the Daimler Trucks develops and produces vehicles within a worldwide network under the brands Mercedes-Benz, Freightliner, Sterling, Western Star, Thomas Built Buses and Mitsubishi Fuso. The division's main production facilities are in the NAFTA region, Europe, South America and Asia. Its product range covers light, medium and heavy trucks for local and long-distance deliveries and construction sites, as well as special vehicles for municipal applications.



**Daimler Financial Services.** The Daimler Financial Services division supports the unit sales of the Group's automotive brands in more than 40 countries. Its product portfolio mainly comprises tailored financing and leasing packages for dealers and customers, but it also provides services such as insurance, fleet management, investment products and credit cards. The main area of Daimler Financial Services' activities is in Western Europe and North America. In 2007, every third vehicle sold by Daimler was financed by Daimler Financial Services. Daimler Financial Services also holds a 45 % interest in the Toll Collect consortium, which since January 2005 has operated an electronic road-charging system for trucks over 12 metric tons on highways in Germany.

**Vans, Buses, Other.** The Vans, Buses, Other segment primarily comprises the Mercedes-Benz Vans and Daimler Buses units, the shareholdings in Chrysler Holding LLC and in the European Aeronautic Defence and Space Company (EADS) as well as the Group's real-estate activities. The Mercedes-Benz Vans unit has production facilities at various locations in Germany, Spain, the United States, Argentina and Vietnam for the Vito/Viano, Sprinter and Vario series in weight classes ranging from 2 to 7.5 tons. Daimler Buses' product range comprises buses for tourist, urban and interurban applications, as well as bus chassis, under the Mercedes-Benz, Setra and Orion brands. The unit's most important production sites are in Germany, Turkey, Brazil and the NAFTA region.

## 6. **Organisational Structure**

Daimler is the parent company within the Daimler Group. The Statement of Investments in affiliated and related companies as of 31 December 2007 is incorporated by reference.

## 7. **Trend Information**

Daimler aims to acquire EQT's 22.3 % equity interest in Tognum AG and has entered into an agreement in this matter. The proposal on this matter has been approved by the Supervisory Board of Daimler on 30 April 2008. The price per share is € 20.00. On this basis, the purchase price would be approximately € 585 million, making Daimler the largest shareholder in Tognum.

For the further optimization of Daimler's capital structure, the board of management of Daimler (the "**Board of Management**") decided to carry out a new share buyback program. The supervisory board of Daimler (the "**Supervisory Board**") has approved this decision. In exercise of the authorization granted by the annual meeting on 9 April 2008, the decision of the Board of Management allows for the buyback of 10% or approximately 96.4 million of the outstanding shares for a maximum amount of €6 billion. In order to optimize the buyback, shares may also be acquired with the use of derivatives. The Board of Management decision limits the period of the share buyback until the annual meeting on 8 April 2009. The shares acquired will later be cancelled without any reduction in Daimler's share capital. It will also be possible to use some of the shares to serve stock option plans.

Daimler started its first share buyback program at the end of August 2007. By 28 March 2008, 99.8 million shares had been bought back for €6.2 billion.

## 8. **Administrative, Management, and Supervisory Bodies, Names, Business Addresses and Functions**

### *The Supervisory Board*

The principal function of the Supervisory Board is to supervise the Board of Management. The Supervisory Board is also responsible for appointing and removing members of the Board of Management. The Supervisory Board may not make management decisions. In accordance with the German Stock Corporation Act, however, the Supervisory Board has determined that several matters not in the ordinary course of business that are of fundamental importance require the approval of the Supervisory Board.

As at the date of the Programme Memorandum members of the Supervisory Board are:

- Dr. Manfred Bischoff, Starnberg, Chairman of the Supervisory Board of Daimler, Former Member of the Board of Management of the Company;
- Erich Klemm (\*), Sindelfingen, Chairman of the Corporate Works Council, Daimler and Daimler Group;
- Sari Maritta Baldauf, Helsinki, Former Executive Vice President and General Manager of Networks Business Group of Nokia Corporation;
- Dr. Clemens Börsig, Frankfurt/Main, Chairman of the Supervisory Board of Deutsche Bank AG;
- Prof Dr. Heinrich Flegel (\*), Stuttgart, Director Research Materials and Manufacturing, Daimler AG, Chairman of the Management Representative Committee;
- Dr. Jürgen Hambrecht, Neustadt/Weinstraße, Chairman of the Board of Executive Director of BASF SE;
- Jörg Hofmann (\*), Esslingen, German Metalworker's Union (IG Metall), District Manager Baden-Württemberg;
- Dr. Thomas Klebe (\*), Frankfurt/Main, Director Department for General Shop Floor Policy and Codetermination, German Metallworkers' Union (IG Metall);
- Arnaud Lagadère, Paris, General Partner and CEO of Lagadère SCA;
- Jürgen Langer (\*), Frankfurt/Main, Chairman of the Works Council of the Frankfurt/Offenbach Dealership;
- Helmut Lense (\*), Stuttgart, Chairman of the Works Council, Untertürkheim Plant, Daimler;
- Ansgar Osseforth (\*), Unterhaching, Member of the Works Council, Sindelfingen Plant;
- William A. Owens, Kirkland, Retired President and Chief Executive Officer of Nortel Networks Corporation, CEO and Chairman of AEA Capital Asia;
- Valter Sanches (\*), Sao Bernardo de Campo, SP Brasil, General Secretary of CNM/CUT;
- Dr. rer. pol. Manfred Schneider, Leverkusen, Chairman of the Supervisory Board of Bayer AG;
- Stefan Schwaab (\*), Gaggenau, Vice Chairman of the Corporate Works Council, Daimler AG, Vice Chairman of the Works Council, Gaggenau Plant, Daimler;
- Bernhard Walter, Frankfurt/Main, Former Spokesman of the Board of Management of Dresdner Bank AG;
- Uwe Werner (\*), Bremen, Chairman of the Works Council Bremen Plant, Daimler;
- Lynton R. Wilson, Toronto, Chairman of the Board of CAE Inc., Chairman Emeritus of Nortel Networks Corporation; and
- Dr.-Ing. Mark Wössner, Munich, Former CEO and Chairman of the Supervisory Board of Bertelsmann AG.

(\* ) Employee elected representatives.

### *The Board of Management*

The Board of Management, which acts under the principle of collective responsibility, manages the day-to-day business in accordance with the German Stock Corporation Act and Daimler's memorandum and articles of incorporation (*Satzung*). The Board of Management is authorized to represent Daimler and to enter into binding agreements with third parties on its behalf.

Current members of the Board of Management are:

- Dr. Dieter Zetsche, Chairman of the Board of Management Daimler AG /Head of Mercedes -Benz Cars;
- Günther Fleig, Human Resources & Labor Relations Director;
- Dr. Rüdiger Grube, Corporate Development;
- Andreas Renschler, Daimler Trucks;
- Bodo Uebber, Finance & Controlling/Daimler Financial Services; and
- Dr. Thomas Weber, Group Research & Mercedes -Benz Cars Development.

The business address of the members of the Supervisory Board as well as the members of the Board of Management is that of Daimler.

### **Management and Supervisory Bodies Conflict of Interests**

As at the date of this Programme Memorandum, the above-mentioned members of the Supervisory Board and the Board of Management do not have potential conflicts of interests between any duties to Daimler and their private interests or their other duties.

### 9. **Major Shareholders**

Daimler's capital stock consists of ordinary shares without par value (*Stückaktien*). The ordinary shares are issued in registered form. Under Daimler's memorandum and articles of association (*Satzung*), each ordinary share represents one vote. Major shareholders do not have different voting rights.

The table below shows, as of 31 December 2007, holders of 5 % or more of Daimler's ordinary shares, the number of ordinary shares they hold, and their percentage ownership:

	Shares Owned	Percent
<b>Identity of person or group</b>		
Kuwait Investment Authority as agent for the Government of the State of Kuwait . . . . .	73,169,320	7.2%

Daimler has a broad shareholder base of approximately 1.2 million shareholders. Institutional investors held 75.9 % of the equity and retail investors held 16.9 %. Around 71 % of the capital stock was in the hands of European investors and around 21 % was held by US investors.

As far as Daimler is aware, there exist no agreements or arrangements which may, at a subsequent date, result in a change of control of Daimler.

10. **Financial Information Concerning Daimler's Assets and Liabilities, Financial Position and Profit and Losses**

**Historical Financial Information**

The published audited consolidated annual financial statements of Daimler for the fiscal year ending on 31 December 2006 and 2007 and the unaudited Interim Report on the first quarter 2008 are incorporated by reference into this Programme Memorandum.

**Legal and arbitration proceedings**

In the 12 months preceding the date of this Programme Memorandum, Daimler has been involved in various legal proceedings which may have significant effects on Daimler's financial position or profitability. Some of these legal proceedings have been disclosed in Daimler's Annual Report 2007.

**Significant change in the Daimler's financial or trading position**

There is no significant change in Daimler's financial or trading position which has occurred since 29 April 2008, the end of the last financial period for which interim financial information has been published.

11. **Material Contracts**

On 14 May 2007, Daimler AG (formerly DaimlerChrysler AG), Daimler North America Finance Corporation (formerly DaimlerChrysler North America Finance Corporation), Daimler Investments US Corporation (formerly DaimlerChrysler Holding Corporation) and a subsidiary of the private-equity firm Cerberus Capital Management L.P. (Cerberus) entered into a Contribution Agreement pursuant to which Daimler agreed to transfer a majority interest in the Chrysler Group and the related Chrysler financial services business in the NAFTA-region (the Chrysler activities) to a subsidiary of Cerberus. The agreement provided for Cerberus to make a capital contribution of A5.2 billion (US\$7.2 billion) in return for an 80.1 % equity interest in Chrysler Holding LLC, a newly established holding company for the Chrysler activities. Daimler retained a 19.9 % non-controlling equity interest in Chrysler Holding LLC. The transaction closed on 3 August 2007.

In connection with the Chrysler transaction, Daimler's subsidiary Daimler North America Finance Corporation has provided second lien loans of US\$1.5 billion pursuant to that certain Second Lien Term Loan Agreement, dated as of 3 August 2007, among Carco Intermediate Holdco II, LLC, Chrysler LLC, the several banks and other financial institutions or entities from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the other agents party thereto, as amended to date. These loans will be used in Chrysler's automotive business and will be due February 2014. Daimler North America Finance Corporation has the right to sell the loans provided thereunder in the credit market, subject to the consent of Chrysler LLC, as borrower, and JP Morgan as administrative agent, such consent not be unreasonably withheld.

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**DESCRIPTION OF MERCEDES-BENZ SOUTH AFRICA (PROPRIETARY) LIMITED (the "Issuer" or "MBSA")**

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**1. Persons Responsible**

MBSA accepts responsibility for the information contained in this section "*Description of Mercedes-Benz South Africa (Proprietary) Limited*". MBSA declares that, having taken all reasonable care to ensure that such is the case, the information contained in this description is to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import.

**2. Risk Factors**

The operations of MBSA involve certain risks typically associated with the business MBSA engages in. A description of such risks is set out in the section "*Risk Factors*". MBSA is a direct, wholly-owned subsidiary and an integral part of Daimler AG ("**Daimler**"). Consequently, the risks associated with MBSA are similar to the risks associated with Daimler.

**3. History and development of the Issuer****3.1 Legal and Commercial name**

MBSA was originally incorporated under the laws of South Africa as United Car and Diesel Distributors (Proprietary) Limited. On 1 February 1977, MBSA was renamed UCDD (Proprietary) Limited. On 5 April 1984, MBSA changed its name to Mercedes-Benz of South Africa (Proprietary) Limited and on 19 March 1999, MBSA was renamed DaimlerChrysler South Africa (Proprietary) Limited.

Following the transfer of a majority interest in Chrysler LLC, Daimler AG changed its name from DaimlerChrysler AG to Daimler AG. Consequently, DaimlerChrysler South Africa (Proprietary) Limited was renamed Mercedes-Benz South Africa (Proprietary) Limited on 28 November 2007.

**3.2 Place of Registration and Registration number**

The address of MBSA's registered office and principal place of business is R576/M10 West, Zwartkop, Pretoria, 0002 and the telephone number is +27 12 677 1500.

The registration number of MBSA is 1962/000271/07.

**3.3 Date of incorporation**

MBSA was originally incorporated on 31 January 1962.

**3.4 Solvency**

There are no events to the date of this Programme Memorandum which are material to the extent that they impact on the Issuer's solvency.

**4. Business Overview**

The principal purpose of MBSA is to carry on the business of the manufacturing, distribution and sale of motor vehicles of all kinds and components, spare parts and accessories therefor and to provide financial services and fleet management.

MBSA represents one of the largest German investors in South Africa and plays an important role amongst the worldwide network of manufacturing plants within the Daimler Group. Currently MBSA manufactures Mercedes-Benz passenger cars (C-Class sedan) and Triton pick-up vehicles. MBSA sells a wide range of Mercedes-Benz passenger cars, commercial vehicles and buses, Freightliner and Western Star trucks, and Mitsubishi vehicles. Mercedes-Benz Financial Services South Africa (Proprietary)

Limited, a wholly owned subsidiary of MBSA, provides financial services supporting the sale of Daimler Group products. debis Fleet Management (Proprietary) Limited, a 65% subsidiary of MBSA, provides full maintenance and leasing solutions to the South African market. MBSA holds the following market share in the local passenger car and commercial vehicle market:

	31 December 2007	31 December 2006
	Percent (%)	
Passenger Vehicles	10.10	8.46
Light Commercial Vehicles	3.8	5.4
Medium and Heavy Commercial Vehicles	23.3	21.4

## 5. Organisational Structure

### 5.1 Ownership description and Major Shareholders

MBSA is a wholly owned subsidiary of Daimler.

### 5.2 Dependency

MBSA is dependent upon Daimler in that Daimler issues a guarantee for any issue of notes for which MBSA acts as Issuer under the Programme.

## 6. Trend Information

Since 31 December 2007 until the date of this Programme Memorandum, there have been no events subsequent to the Balance Sheet date that the directors believe would have a major impact on the financial statements of the Company.

## 7. Administrative, management and supervisory bodies

### 7.1 Directors

Current members of the board of directors of the Issuer (the “**Board of Directors**”) are:

- J E Schrempp, Chairman of the Board of Directors;
- C A Carolus;
- A A Epple;
- A Kirchmann;
- K Maier;
- N Moola; and
- R E Schmückle.

### 7.2 Management Board

Current members of the board of management of the Issuer (the “**Board of Management**”) are:

- H Niefer, Chairman of the Board of Management;
- J F Evertse;
- J Follmann;
- B E Schwendtke; and
- K S Tsiknas.



**7.3 Conflicts of Interest**

As at the date of this Programme Memorandum, the abovementioned members of the Board of Directors do not have potential conflicts of interest between any duties to MBSA and their private interests or any other duties.

**8. Material contracts**

There are no material contracts that are not entered into in the ordinary course of MBSA's business, which could result in any group member being under an obligation or entitlement that is material to MBSA's ability to meet its obligation to Noteholders in respect of the Notes being issued.

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## SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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*Words used in this section entitled "Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### GLOBAL CERTIFICATES

Registered Notes listed on the BESA or such other or further exchange or exchanges will initially be issued in the form of a single Global Certificate which will be lodged and immobilised in the CSD, which forms part of the settlement system of BESA. The CSD's Nominee will be the sole Noteholder in respect of the Global Certificate.

The CSD holds Notes subject to the Securities Services Act and the Rules of the CSD. The Rules of the CSD as at the date of this Programme Memorandum are as published by the Registrar of Securities Services in Government Gazette No. 27758 of 8 July 2005.

While the Notes are held in the CSD under the Global Certificate, the CSD's Nominee will be reflected as the Noteholder in the Register maintained by the Issuing Agent. Accordingly, in terms of the Terms and Conditions of the Notes, all amounts to be paid and all rights to be exercised in respect of the Notes held in the CSD, will be paid to and may be exercised only by the CSD's Nominee, for the holders of Beneficial Interests in the Notes held by the CSD under the Global Certificate

The CSD maintains accounts only for the Participants. The Participants are also approved Settlement Agents of BESA. As at the date of this Programme Memorandum, the Settlement Agents are ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of the Beneficial Interests in the Notes or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through the Participants. Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme, (Clearstream Luxembourg) ("**Clearstream**") may hold Notes through their Participant.

Transfers of Beneficial Interests in Notes in the CSD to and from clients of Participants, who are also Settlement Agents, occur by electronic book entry in the securities accounts of the clients with the Participants. Transfers among Participants of Notes held in the CSD occur through electronic book entry in the Participant's central security accounts with the CSD.

Transfers between Participants in the CSD will be effected in the ordinary way in accordance with the Applicable Procedures.

A Beneficial Interest will be exchangeable for an Individual Certificate if (i) a written request for Notes in definitive form is submitted by the holder of the Beneficial Interest to the relevant Participant not later than 10 (ten) days prior to the requested date of such exchange, (ii) the Applicable Procedures for obtaining such a Certificate from the Issuing Agent are followed, and (iii) an equivalent number of Notes are transferred in accordance with the provisions of Condition 17 (*Transfer of Notes*) from the CSD or its nominee to the holder of such Beneficial Interest.

### INDIVIDUAL CERTIFICATES

All Notes not represented by a Global Certificate, including Bearer Notes and Order Notes, shall be issued in definitive form, in the form of Individual Certificates. Notes issued in the form of Bearer Notes or order form of Order Notes, and which are interest bearing, have Coupons and, if indicated in the Applicable Pricing Supplement, talons attached on issue. Notes repayable in instalments have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue.

Title to Bearer Notes and/or Receipts, Coupons and Talons attached on issue to the Certificate in respect of such Bearer Note will pass by delivery of such Certificate, Receipt, Coupon or Talon (as the case may be). Title to Order Notes and/or any Receipts, Coupons and Talons attached on issue to the Certificate in respect of such Order Note, are transferable by way of endorsement and delivery of such Certificate, Receipt, Coupon or Talon (as the case may be).

Payments of interest and principal in respect of Individual Certificates will be made to Noteholders in accordance with Condition 8 (*Payments*) of the Terms and Conditions.

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## SELLING RESTRICTIONS

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*Words used in this section entitled "Selling Restrictions" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### **Republic of South Africa**

Each Dealer appointed for an issue of Notes will be required to represent and agree, that the offer of Notes for sale pursuant to the Programme shall comply with the provisions of the Companies Act and the Banks Act and regulations issued thereunder.

### **United States of America**

The Notes and Guarantee have not been and will not be registered under the United States Securities Act, 1933, as amended, (the "**Securities Act**") and may not be offered or sold within the United States of America (the "**United States**") or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer or purchaser soliciting offers to purchase the Notes of any particular issuance of Notes (the "**Identified Notes**") or purchasing such Identified Notes for resale, shall notify the Issuer promptly upon the completion of the distribution thereof. Such notice shall be set forth in the form of a certification by such Dealer or purchaser as to the date on which the completion of the distribution of such Identified Notes has occurred. Each Dealer has represented and agreed, and each other purchaser will be required to represent and agree, that it has not offered or sold the Notes, and will not offer or sell the Notes that form part of a tranche (i) as part of their distribution at any time and (ii) otherwise until 40 (forty) days after the later of (A) the completion of the distribution of such tranche as determined by the relevant Dealer or purchaser and certified to the Issuer, (B) the closing date of the sale of the Identified Notes, and (C) such later date as the respective Issuer may, in its sole discretion, advise such Dealer or purchaser as is necessary for the issuance of such Identified Notes to comply with Regulation S under the Securities Act, except in each case only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed, and each other purchaser will be required to represent and agree, that neither it nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts in the United States with respect to the Notes, neither it nor they has offered or sold to or for the benefit or account of any U.S. Persons, and it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer agrees, and each other Purchaser will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*"The Notes and Guarantee covered hereby have not been registered under the United States Securities Act of 1933, as amended (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 (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) days after the later of (A) the completion of the distribution of such tranche of Notes as determined by the relevant Dealer and certified to the Issuer, (B) the closing date of the sale of such tranche of Notes, and (C) such later date as the Issuer may notify as is necessary for the issuance of such tranche of Notes to comply with Regulation S under the Securities Act, except in each case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act."*

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has further agreed, and each other purchaser will be required to agree, that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

In addition,

- (1) Each Dealer has represented and agreed, and each other purchaser will be required to represent and agree that, except to the extent permitted under U.S. Treas. Reg. § 1.163-5 (c) (2) (i) (D) (the “**D Rules**”), (a) it has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (b) it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (2) each Dealer has represented and agreed, and each other purchaser will be required to represent and agree, that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (3) each Dealer who is a United States person has represented, and each purchaser who is a United States person will be required to represent, that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. § 1.163-5 (c) (2) (i) (D) (6); and
- (4) with respect to each affiliate of a Dealer that acquires from such Dealer Notes in bearer form for the purposes of offering or selling such Notes during the restricted period, such Dealer has agreed, and in the case of a purchaser in such situation, such purchaser will be required to agree, that it will obtain from or represent and agree on behalf of such affiliate for the Issuer’s benefit, the representations and agreements contained in clauses (1), (2) and (3).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the D Rules.

Each Dealer has represented and agreed (and each Purchaser will be required to represent and to agree) that it has complied and will comply with all applicable provisions of the U.S. securities laws with respect to anything to be done by it relation to such Note in, from or otherwise involving the United States.

### **United Kingdom**

Each Dealer appointed for an issue of Notes will be required to represent and agree (and each other Purchaser will be required to represent and to agree) that:

- (a) *No deposit taking*: in relation to any Notes which have 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;
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Issuer;

- (b) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; 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.

### **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 appointed for an issue of Notes will be required to represent 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 which are the subject of the offering contemplated by the prospectus to the public in that Relevant Member State, except that they may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) **Authorised institutions**: at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so are authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) **Significant enterprises**: at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 all as shown in its last annual or consolidated accounts;
- (c) **Fewer than 100 offerees**: at any time to fewer than a 100 natural or legal persons (other qualified investors as defined in the Prospective Directive) subject to obtaining the prior consent of the relevant Joint Lead Managers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers**: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in the above paragraphs (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this paragraph, headed “*European Economic Area*”, 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 for 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.



**General**

Each Dealer appointed for an issue of Notes will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it subscribes or procures the subscription of Notes, offers or sells Notes or possesses or distributes this Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

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## SOUTH AFRICAN TAXATION

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*The information contained below is intended to be a general guide to the relevant tax laws of South Africa as at the date of this Programme Memorandum and is not intended as comprehensive advice and does not purport to describe all of the considerations that may be relevant to a prospective purchaser of Notes. Prospective purchasers of Notes should consult their own professional advisers in regard to the purchase of Notes and the tax implications thereof. Accordingly, the Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this paragraph. The information contained below sets out guidelines on the current position regarding South African taxation for taxpayers who hold the Notes as capital assets. Traders in these Notes should consult their own advisers.*

*Words used in this section entitled "South African Taxation" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### **Stamp Duty and Uncertificated Securities Tax**

In terms of the Stamp Duties Act, 1968, no stamp duty is payable on the original issue of debentures or on their transfer, provided that they constitute instruments as contemplated in section 24J of the Income Tax Act, 1962 (as amended) (the "Act").

In terms of the Uncertificated Securities Tax Act, 1998, no uncertificated securities tax is payable on the issue or transfer of securities qualifying as instruments as contemplated in section 24J of the Act.

Accordingly, as at the date of this Programme Memorandum, (i) no stamp duty (as contemplated in the Stamp Duties Act, 1968) is payable on the issue, cancellation, redemption or on the transfer of the Notes, and (ii) no uncertificated securities tax (as contemplated in the Uncertificated Securities Tax Act, 1998) is payable on the issue or on the transfer of the Notes.

With effect from 1 July 2008, stamp duty and/or uncertificated securities tax, as the case may be, in relation to the transfer or redemption of securities will be replaced by securities transfer tax levied under the Securities Transfer Tax Act, 2007.

### **General**

In general interest received on the Notes will be subject to income tax in South Africa. Certain entities may be exempt from the tax. Purchasers are advised to consult their own professional advisers as to whether the interest will be exempt or not. The amount of interest to be included in income, the position of non-residents and the capital gains tax consequences are examined below.

### **Interest for Purposes of Section 24J of the Income Tax Act**

In terms of section 24J of the Act, any discount or premium to the nominal value at which a Note is issued or acquired is treated as part of the interest income on the Note by the Revenue authorities. The Noteholder will be deemed to have accrued such interest income on a day-to-day basis until the Noteholder disposes of the Note or until maturity. This day-to-day basis is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. In practice the premium or discount is treated as interest for the purposes of the exemption under section 10(1)(h) of the Act.

### **Noteholders who are not Residents of the Common Monetary Area**

In terms of section 10(1)(h) of the Act, interest received by or accruing to a Noteholder who is not a resident during any year of assessment is exempt from income tax, unless that person:

- (a) is a natural person who was physically present in South Africa for a period exceeding

- 183 (one hundred and eighty three) days in aggregate during that year of assessment; or
- (b) at any time during that year of assessment carried on business through a permanent establishment in the Republic.

**Capital Gains Tax**

Capital gains and losses of residents on the disposal of Notes are subject to Capital Gains Tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Act will not be taken into account when determining any capital gain or loss. In terms of section 24J(4A) of the Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest) be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly will not give rise to a capital loss.

Capital Gains Tax in terms of the Eighth Schedule to the Act does not apply to assets such as Notes disposed of by a person who is not a resident unless the Note disposed of is attributable to a permanent establishment of that person through which a trade is carried on in South Africa during the relevant year of assessment.

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## SOUTH AFRICAN EXCHANGE CONTROL

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*The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of, or subscriber for, Notes. Prospective subscribers for Notes that are non-South African residents or emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the purchase of, or subscription, for Notes.*

*Words used in this section entitled "South African Exchange Control" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### **Emigrant Blocked Rand**

Emigrant Blocked Rands may be used for the purchase of, or subscription for, Notes. Any amounts payable by the Issuer in respect of the Notes purchased, or subscribed for, with Emigrant Blocked Rands may not, in terms of the Exchange Control Regulations be remitted out of South Africa or paid into any non-South African bank account. The Minister of Finance stated on 26 February 2003 that Emigrants' blocked assets are to be unwound and such Emigrants will be entitled, on application to the exchange control department of the South African Reserve Bank, subject to an exiting schedule and an exit charge of 10% (ten percent) of the amount, to exit such Emigrant blocked assets from South Africa.

### **Emigrants from the Common Monetary Area**

In the event that a Beneficial Interest in Notes is held by an Emigrant from the Common Monetary Area through the CSD and its relevant Settlement Agents, the securities account of such Emigrant will be designated as an "emigrant" blocked account. Any Individual Certificates issued to Noteholders in respect of Notes in materialised form will be restrictively endorsed "non-resident". Such restrictively endorsed Individual Certificates shall be deposited with the authorised foreign exchange dealer controlling such Emigrant's blocked assets.

Any payments of principal due to an Emigrant Noteholder in respect of Notes will be deposited into such Emigrant's Blocked Rand account with the authorised foreign exchange dealer controlling such Emigrant blocked assets. These amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations. Any payments of interest due to an Emigrant Noteholder in respect of Notes will be deposited into such Emigrant's Non-Resident Rand account with the authorised foreign exchange dealer controlling such Emigrant blocked assets.

### **Non-Residents of the Common Monetary Area**

In terms of the Exchange Control Regulations, Non-Residents of the Common Monetary Area may invest in the Notes.

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that a Beneficial Interest in Notes is held by a Non-Resident of the Common Monetary Area through the CSD and its relevant Settlement Agents, the securities account of such Noteholder will be designated as a "non-resident" account.

It will be incumbent on any such Non-Resident to instruct the Non-Resident's nominated authorised foreign exchange dealer as to how any funds due to such Non-Resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa or with Rand from a Non-Resident account and provided that the relevant Individual Certificates or securities account, as the case may be, is designated "non-resident".

For the purposes of these paragraphs:

**"Authorised Dealer"** means a person authorised by the Treasury to deal in foreign exchange.

**“Common Monetary Area”** means South Africa, Lesotho, Namibia and Swaziland.

**“Emigrant”** means a South African resident who is leaving or has left South Africa to take up permanent residence in any country outside the Common Monetary Area.

**“Emigrant Blocked Account”** means the account of an emigrant from the Common Monetary Area to which exchange control restrictions have been applied.

**“Emigrant Blocked Rand”** means funds which may not be remitted out of South Africa. These funds are held in an Emigrant Blocked Account and controlled by an Authorised Dealer in terms of the Exchange Control Regulations.

**“Non-Resident”** means a person (i.e. a natural person or legal entity) whose normal place of residence, domicile or registration is outside the Common Monetary Area.

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## GENERAL INFORMATION

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*Words used in this section entitled "General Information" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### **Listing**

The Programme has been approved by BESA. Notes to be issued under the Programme will be listed on BESA or its successor or such other or further exchanges as may be agreed between the Issuer and the Relevant Dealer(s). Unlisted Notes may be issued under the Programme.

### **Clearing Systems**

The Notes have been accepted for clearance through the CSD, which forms part of the BESA clearing system that is managed by Strate Limited and may be accepted for clearance through any additional clearing system as may be agreed between BESA and the Issuer.

### **Authorisation**

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the establishment of the Programme and the issue of Notes and for the Issuer and the Guarantor to undertake and perform its obligations under the Programme Agreement and the Notes.

### **Documents Available**

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer as set out at the end of this Programme Memorandum:

- (a) the Agency Agreement dated 30 June 2008 between the Issuer, the Paying Agent and the Issuing Agent;
- (b) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time in accordance with the terms of the Programme Agreement;
- (c) in respect of any issue of Notes under the Programme, the consolidated audited annual financial statements, and notes thereto, of the Issuer for its three financial years prior to the date of such issue; and
- (d) the Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme.

### **Settlement Agents**

As at the date of this Programme Memorandum, the BESA-recognised Settlement Agents are ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme, (Clearstream Luxembourg) ("**Clearstream**") may settle offshore transfers in the Notes through their appointed Settlement Agents.

### **Settlement, Transfer and Clearing**

Notes will be issued, cleared and transferred in accordance with the procedures and rules set out by BESA and the CSD. Notes will be settled through BESA-recognised Settlement Agents who will comply with the electronic settlement procedures. The CSD's Nominee will be the registered holder of a Global Certificate and will maintain securities accounts for the Participants who, in turn, will maintain securities accounts for investors in the Notes.

The BESA Settlement Agents will be responsible for the settlement of scrip and payment transfers through the CSD and the South African Reserve Bank. Individual Certificates will only be issued to Noteholders in terms of the procedures set out in Condition 15 (*Certificates*).



Transfer of Notes shall be undertaken in accordance with the rules of the CSD as well as the Terms and Conditions, save for the transfer of Individual Certificates which shall take place in accordance with the procedures set out in Condition 17 (*Transfer of Notes*). The CSD, its nominee, and any individual Noteholder of Individual Certificate(s) shall be the registered holders of Notes.

The Settlement Agents and the Issuing Agent shall not be required to recognise any notice of any trust nor recognise the right of any other person other than the beneficial holder of Notes.

No transfer of Notes will be made in the Register unless the prescribed transfer form and the Individual Certificate (if any) has been properly lodged with the Issuing Agent.

#### **Material Change**

Save as disclosed in this Programme Memorandum, there has been no material adverse change in the financial or trading position of the Issuer or the Guarantor since the date of the Issuer and Guarantor's latest audited financial statements.

#### **Litigation**

Save as disclosed herein, neither the Issuer nor the Guarantor has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer, the Guarantor or its respective consolidated subsidiaries.

#### **Auditors**

KPMG Incorporated, Registered Accountants and Auditors, Chartered Accounts (SA) have acted as the auditors of the financial statements of the Issuer for the financial years ended 31 December 2005, 2006 and 2007 and, in respect of those years, issued an unqualified audit report.

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## DOCUMENTS INCORPORATED BY REFERENCE

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*Words used in this section entitled "Documents Incorporated By Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

The following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- (a) the Agency Agreement dated 30 June 2008 between the Issuer, the Paying Agent and the Issuing Agent;
- (b) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time in accordance with the terms of the Programme Agreement;
- (c) the Guarantee executed by the Guarantor in favour of the Noteholders;
- (d) in respect of any issue of Notes under the Programme, the audited financial statements, and notes thereto, of the Issuer for its three financial years prior to the date of such issue;
- (e) in respect of any issue of Notes under the Programme, the consolidated audited annual financial statements, and notes thereto, of the Guarantor for its three financial years prior to the date of such issue;
- (f) the Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide at the registered office of the Issuer as set out at the end of this Programme Memorandum, without charge, to each person to whom a copy of the Programme Memorandum has been delivered, upon request of such person, a copy of any or all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. The consolidated audited annual financial statements and unaudited interim financial statements of the Guarantor are also available on the Guarantor's website, [www.daimler.com](http://www.daimler.com).

The Issuer has undertaken, in connection with the listing of the Notes on BESA or on such other exchange or further exchange or exchanges as may be selected by the Issuer, that for so long as any Note remains outstanding and listed on such exchange or exchanges, in the event of an adverse change in the condition (financial or otherwise) of the Issuer which is material in the context of the Notes issued by it under the Programme or any event occurs subsequent to the date of this Programme Memorandum which affects any matter contained in this Programme Memorandum the inclusion of which in this Programme Memorandum would (in the reasonable opinion of the Dealers) be material and be reasonably required by the Noteholders, the Issuer will prepare or procure the preparation of an amendment or supplement to the Programme Memorandum or, as the case may be, publish a new Programme Memorandum.

**ISSUER**

**Mercedes-Benz South Africa (Proprietary) Limited**

(Registration Number 1962/000271/07)

Wierda Road

Zwartkop

Pretoria, 0157

South Africa

Contact: Mr Bernd Schwendtke

**GUARANTOR**

**Daimler AG**

(Registration Number HRB 19360)

Registered Office:

Mercedesstrasse 137

D-70546 Stuttgart

Federal Republic of Germany

Contact: Mr Peter Zirwes

**ARRANGER**

**Deutsche Bank AG, Johannesburg Branch**

(Registration Number 1998/003298/10)

3 Exchange Square

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South Africa

Contact: Ms Sorelle Gross

**PAYING AGENT**

**Absa Capital, a division of Absa Bank Limited**

(Registration Number 1986/004794/06)

1<sup>st</sup> Floor

Absa Towers North

180 Commissioner Street

Johannesburg, 2001

South Africa

Contact: Mr Jacques Els

**ISSUING AGENT**

**Computershare Investor Services (Proprietary) Limited**

(Registration Number 2004/003647/07)

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Johannesburg, 2001

South Africa

Contact: Mr Charles Lourens

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**LEGAL ADVISERS TO THE ISSUER, ARRANGER AND DEALERS**

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South Africa  
Contact: Mr Casper van Heerden/  
Mr Lionel Shawe

**AUDITORS TO THE ISSUER**  
**KPMG Incorporated**  
(Registration Number 1999/21543/21)  
85 Empire Road  
Parktown, 2193  
South Africa  
Contact: Mr Riaan Kok

A handwritten signature in black ink, consisting of two distinct, stylized initials or names.