



## MERCEDES-BENZ SOUTH AFRICA LIMITED

(Pretoria, Republic of South Africa)

as issuer

unconditionally and irrevocably guaranteed by

## DAIMLER AG

(Stuttgart, Federal Republic of Germany)

as Guarantor

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### ZAR35,000,000,000

### Domestic Medium Term Note Programme

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On 30 June 2008, Mercedes-Benz South Africa Limited (the **issuer**), established a ZAR18,000,000,000 Domestic Medium Term Note Programme (the **Programme**) pursuant to a programme memorandum, dated 30 June 2008, which was amended by a supplement dated 24 May 2011, and updated by a programme memorandum dated 8 August 2013, which increased the Programme Amount from ZAR18,000,000,000 to ZAR25,000,000,000 (collectively, the **Previous Programme Memorandum**).

The Previous Programme Memorandum shall continue to be of force and effect in relation to all notes issued by the issuer under and in terms of the Programme (the **Previous Notes**). The terms and conditions in the Previous Programme Memorandum shall govern the Previous Notes and none of the terms and conditions (the **Terms and Conditions**) contained in this programme memorandum dated 21 December 2015 (the **Programme Memorandum**) shall be applicable to any of the Previous Notes. Only Notes issued in terms of this Programme Memorandum on or after 21 December 2015 (the **Programme Date**) shall be governed by the Terms and Conditions, as modified and supplemented by the Applicable Pricing Supplement(s) (as defined herein) relating to the Notes.

Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed "**Terms and Conditions of the Notes**", unless separately defined, and/or in relation to a Tranche of Notes, in the Applicable Pricing Supplement(s).

Under the Programme and this Programme Memorandum, the Issuer may from time to time issue Notes denominated in South African Rand and further subject to all Applicable Laws and to the Terms and Conditions contained in this Programme Memorandum. Details of the Notes and any other terms and conditions not contained in the Terms and Conditions that are applicable to any Notes, replacing, supplementing or modifying the Terms and Conditions, will be set forth in an Applicable Pricing Supplement.

**The Notes may not 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 other than in South Africa.**

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state in the United States of America and the Notes may not be offered, sold, delivered or transferred within the United States of America or to, or for the account or benefit of, any U.S. persons (as defined in the Regulation S of the Securities Act). In addition, there are restrictions on the distribution of this Programme Memorandum in South Africa, the European Union and the United Kingdom.**

Save as set out herein, the Notes will not be subject to any minimum or maximum maturity and the maximum aggregate Nominal Amount of all Notes from time to time Outstanding will not exceed ZAR35,000,000,000 (including the Previous Notes issued and still Outstanding under the Previous Programme Memorandum).

Daimler AG (the **Guarantor**) has given its irrevocable and unconditional guarantee (the **Guarantee**) to the holders of the Notes (the **Noteholders**) issued on or after the Programme Date for the due payment of the amounts corresponding to the principal of, and interest, if any.

This Programme Memorandum has been approved by the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the issuer, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE in accordance with the listings requirements of the JSE. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE. A copy of the Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD, on or before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD. The placement of a Tranche of unlisted Notes may (at the sole discretion of the issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under the section headed "Summary of the Programme" and any additional Dealer(s) appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Programme Memorandum to the "relevant Dealer(s)" shall, in the case of Notes being (or intended to be) placed by more than 1 (one) Dealer, be to all Dealers agreeing to place such Notes.

As at the Programme Date, the Programme and the Guarantor are rated. The issuer and the Notes to be issued under this Programme are not rated but may after the Programme Date be rated by any Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national or international scale basis. Unrated tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the issuer and/or the Guarantor and/or the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency or Rating Agencies which assigned such Rating(s).

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**Arranger and JSE Debt Sponsor**  
Rand Merchant Bank,  
a division of FirstRand Bank Limited

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## GENERAL

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*Capitalised terms used in this section headed "General" 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 are clearly inappropriate from the context.*

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Programme Memorandum and all documents incorporated by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") which refer to it. 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) respectively, the information contained in this Programme Memorandum is in accordance with the facts and does not omit any fact which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Programme Memorandum contains all information required by law and the debt listings requirements of the JSE.

The JSE takes no responsibility for the contents of this Programme Memorandum, any Applicable Pricing Supplements, or the annual financial statements of the Issuer and/or the Guarantor, make no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum, any Applicable Pricing Supplements, or the annual financial statements of the Issuer and/or the Guarantor.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Programme Memorandum contains or incorporates all information with respect to itself which is material in the context of the issue and the offering of any particular Tranche of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not misleading as at the date of this Programme Memorandum, 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 headed "*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 Dealer(s), the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of that holding company (**Affiliates**), other professional advisers named herein and the JSE 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, the Dealer(s), the JSE Debt Sponsor nor any of their Affiliates or 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 Dealer(s), the JSE Debt Sponsor and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer and/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 inconsistent 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 Dealer(s), the JSE Debt Sponsor or other professional advisers.

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, the Dealer(s), the JSE Debt Sponsor and other professional advisers that any recipient of this Programme Memorandum or any

other information supplied in connection with the Programme should subscribe for, or purchase, any Notes.

Each Person contemplating the subscription for, or 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/or the Guarantor and its subscription for, or 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, the Arranger, 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 at any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealer(s), the JSE Debt Sponsor and other professional advisers expressly do not undertake to review the financial condition or affairs of the Issuer and/or the Guarantor during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer and/or the Guarantor when deciding whether or not to subscribe for, or purchase, any Notes.

None of the Issuer, the Guarantor, the JSE, the Debt Sponsor, the Arranger or the Dealer(s) makes any representation or warranties as to the settlement procedures of the CSD or the JSE.

This Programme Memorandum does not constitute an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Debt Sponsor, the Arranger or the Dealers to any person to subscribe for or purchase any of the Notes. The distribution of this Programme Memorandum and the offering of the Notes are intended for South Africa only. The distribution of this Programme Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Guarantor, the Debt Sponsor, the Arranger or the Dealers that this Programme Memorandum may be lawfully distributed, or that the 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 and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Debt Sponsor, the Arranger or the Dealers or which would permit a public offering of the Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. **Accordingly, the Notes may not 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 other than in South Africa.** Persons into whose possession this Programme Memorandum comes are required by the Issuer, the Guarantor, the Debt Sponsor, the Arranger and the Dealers to inform themselves about and to observe any such restrictions.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state in the United States of America and the Notes may not be offered, sold, delivered or transferred within the United States of America or to, or for the account or benefit of, any U.S. persons (as defined in the Regulation S of the Securities Act). In addition, there are restrictions on the distribution of this Programme Memorandum in South Africa, the European Union and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of Notes and distribution of this Programme Memorandum see the section of this Programme Memorandum headed “*Subscription and Sale*” below.**

The terms of this Programme Memorandum, if it comes to the possession of persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements in any such jurisdiction. It is the responsibility of any such person wishing to subscribe for or purchase the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that this Programme Memorandum is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.

In connection with the issue and distribution of any Tranche of Notes under the Programme, the relevant Dealer(s), if any, that 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 debt listings requirements of the JSE and approved by the JSE, 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.

All references in this Programme Memorandum to "*Rand*", "*ZAR*" "*South African Rand*", "*R*" and "*cent*" refer to the currency of the Republic of South Africa.

The price/yield and amount of a Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

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**TABLE OF CONTENTS**

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	Page
DOCUMENTS INCORPORATED BY REFERENCE	6
GENERAL DESCRIPTION OF THE PROGRAMME	8
SUMMARY OF THE PROGRAMME	9
FORM OF THE NOTES	15
RISK FACTORS – NOTES	17
<i>PRO FORMA</i> APPLICABLE PRICING SUPPLEMENT	21
TERMS AND CONDITIONS OF THE NOTES	27
USE OF PROCEEDS	58
FORM OF GUARANTEE	59
RISK FACTORS RELATED TO MERCEDES-BENZ SOUTH AFRICA LIMITED AND DAIMLER AG	62
DESCRIPTION OF MERCEDES-BENZ SOUTH AFRICA LIMITED	71
DESCRIPTION OF DAIMLER AG	75
SETTLEMENT, CLEARING AND TRANSFER OF NOTES	79
SUBSCRIPTION AND SALE	81
SOUTH AFRICAN TAXATION	83
SOUTH AFRICAN EXCHANGE CONTROL	86
GENERAL INFORMATION	87

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## DOCUMENTS INCORPORATED BY REFERENCE

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

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

- (a) all amendments and/or supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme;
- (c) the Guarantee executed by the Guarantor in favour of the Noteholders;
- (d) as at the Programme Date, the published audited annual financial statements, and notes thereto, of the Issuer for the three financial years ended 31 December 2012, 2013 and 2014 and the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when such published audited financial statements become available;
- (e) as at the Programme Date, the published audited consolidated annual financial statements, and notes thereto, of the Guarantor for the three financial years ended 31 December 2012, 2013 and 2014 and the published audited consolidated annual financial statements, and notes thereto, of the Guarantor in respect of further financial years, as and when such published audited financial statements become available;
- (f) the unaudited interim financial statements of the Guarantor, together with such statements and notes attached to or intended to be read with such unaudited interim financial statements, for the period ended 30 June 2015 and the unaudited interim financial statements, and notes thereto, in respect of further financial years, as and when such unaudited interim financial statements become available; and
- (g) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be electronically submitted through the Stock Exchange News Service (**SENS**) or similar service established by the JSE, to SENS subscribers, if required,

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, for as long as any Note remains Outstanding, provide at its registered office as set out at the end of this Programme Memorandum, without charge, a copy of all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded, in which case the modified or superseding documentation will be provided, including the most recently obtained beneficial disclosure report made available by the Participant to the CSD. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. In addition, the constitutive documents of the Issuer will be available at the registered office of the Issuer as set out at the end of this Programme Memorandum.

This Programme Memorandum, any amendments and/or supplements thereto, the Applicable Pricing Supplements relating to any issue of listed Notes and the audited annual financial statements of the Issuer are also available for inspection on the Issuer's website, [www.mercedes-benzsa.co.za](http://www.mercedes-benzsa.co.za). In addition, this Programme Memorandum, any amendments and/or supplements thereto and the Applicable Pricing Supplements relating to any issue of listed Notes will be filed with the JSE which will publish such documents on its website at [www.jse.co.za](http://www.jse.co.za). This Programme Memorandum, as made available on the Issuer's and the JSE's websites, does not constitute an offer or invitation by or on behalf of the Issuer, the Guarantor, the Arranger and the Dealer(s) or their Affiliates, the JSE Debt Sponsor or other professional advisors to any Person in any jurisdiction to subscribe for or purchase any Notes.

The Issuer will, for so long as any Note remains Outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

- (a) a change in the condition (financial or trading position) of the Issuer or the Guarantor has occurred which is material in the context of the Notes so listed or the Guarantee and the Issuer's or the Guarantor's, as the case may be, payment obligations thereunder; or
- (b) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (c) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (d) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's and the Guarantor's audited annual financial statements if such audited annual financial statements are incorporated by reference into this Programme Memorandum and, in the case of the Issuer's audited annual financial statements only, such audited annual financial statements are published, as required by the Companies Act.

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## GENERAL DESCRIPTION OF THE PROGRAMME

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

Under the Programme, the Issuer may from time to time issue Notes denominated in South African Rand. 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 supplement to this Programme Memorandum.

This Programme Memorandum and any supplement will only be valid for Notes listed on the Interest Rate Market of the JSE or unlisted 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 (including Previous Notes issued and still Outstanding under the Programme pursuant to the Previous Programme Memorandum), does not exceed ZAR35,000,000,000.

From time to time the Issuer may wish to increase the Programme Amount. The Issuer shall be entitled to do so provided that the Programme Amount outstanding at any time under the Programme shall not cause any borrowing or similar limit binding on the Issuer in terms of its constitutive documents or otherwise to be exceeded. Subject to Applicable Laws, the Issuer may, without the consent of Noteholders, in accordance with the terms of Programme Agreement, increase the Programme Amount by delivering a notice thereof to Noteholders and the JSE in accordance with Condition 19 (*Notices*) of the Terms and Conditions. Upon such notice being given, all references in this Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the Programme Amount, shall be deemed to be references to the increased Programme Amount.

This Programme Memorandum will only apply to Notes issued under the Programme on or after the Programme Date.

A summary of the Programme and the Terms and Conditions appears under the section of this Programme Memorandum headed "*Summary of the Programme*".



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## SUMMARY OF THE PROGRAMME

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*The following summary 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 shall have the same meanings in this summary.*

### PARTIES

<b>Issuer</b>	Mercedes-Benz South Africa Limited (registration number 1962/000271/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa.
<b>Guarantor</b>	Daimler AG (registration number HRB 19360), a stock corporation organized under the laws of the Federal Republic of Germany.
<b>Arranger</b>	Rand Merchant Bank, a division of FirstRand Bank Limited ( <b>RMB</b> ) (registration number 1926/001225/06), a public company with limited liability and registered bank duly incorporated in accordance with the company and banking laws of South Africa.
<b>Dealer(s)</b>	Any entity appointed as Dealer by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any such Dealer.
<b>Transfer Agent</b>	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa or such other person appointed by the Issuer as Transfer Agent, in which event, that other entity will act as Transfer Agent as specified in the Applicable Pricing Supplement.
<b>Paying Agent</b>	RMB or such other person appointed by the Issuer as Paying Agent, in which event, that other entity will act as Paying Agent as specified in the Applicable Pricing Supplement.
<b>Calculation Agent</b>	RMB or such other person appointed by the Issuer as Calculation Agent, in which event, that other entity will act as Calculation Agent as specified in the Applicable Pricing Supplement.
<b>JSE Debt Sponsor</b>	RMB or any other entity appointed as JSE Debt Sponsor by the Issuer, in which event, that entity will act as JSE Debt Sponsor as specified in the Applicable Pricing Supplement.
<b>CSD</b>	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
<b>JSE</b>	JSE Limited (registration number 2005/022939/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a

successor exchange to the JSE.

## **GENERAL**

### **Blocked Rands**

Blocked Rands may be used to subscribe for, or purchase, Notes, subject to the Exchange Control Regulations.

### **Clearing and Settlement**

Each Tranche of Notes which is held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE. Each Tranche of Notes which is held in the CSD will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD (see the section of this Programme Memorandum headed "*Settlement, Clearing and Transfers of Notes*").

### **Currency**

South African Rand (ZAR).

### **Denomination**

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, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank or regulator or any laws or regulations applicable to the Notes.

### **Description of Programme**

Mercedes-Benz South Africa Limited ZAR35,000,000,000 Domestic Medium Term Note Programme.

### **Distribution**

Notes may be distributed by way of private placement, auction or bookbuild or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s) and reflected in the Applicable Pricing Supplement.

### **Form of Notes**

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Notes will be issued in uncertificated form, and will be held in the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed "*Form of the Notes*").

### **Governing Law**

The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.

### **Guarantee**

See the section of this Programme Memorandum headed "*Form of Guarantee*" and Condition 7 (*Guarantee*).

### **Interest**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate, and the method of calculating interest may vary between the Issue Date and the Maturity Date.

### **Interest Period(s)/Interest Payment Date(s)**

The Interest Rate, Interest Payment Date(s) and Interest Period(s), if any, applicable to a Tranche of Notes will be specified in the Applicable Pricing Supplement.

### **Issue and Transfer Taxes**

As at the Programme Date, no securities transfer tax or any

similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed "South African Taxation"). Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of Notes will be for the account of Noteholders.

**Issue Price**

Notes may be issued on a fully-paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount as specified in the Applicable Pricing Supplement.

**Listing**

This Programme has been approved by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

**Maturities of Notes**

Such maturity(ies) as specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.

**Negative Pledge**

Condition 6 (*Negative Pledge*) of the Terms and Conditions provides for a negative pledge in favour of the Noteholders.

**Notes**

Notes may comprise:

**Fixed Rate Notes**

Fixed Rate interest will be payable in arrears on such date or dates as may be agreed between the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

**Floating Rate Notes**

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), as indicated in the Applicable Pricing Supplement.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes, as indicated in the Applicable Pricing Supplement.

Floating Rate Notes may also have a

maximum interest rate, a minimum interest rate or both, as indicated in the Applicable Pricing Supplement.

The Interest Period for Floating Rate Notes may be 1 (one), 2 (two), 3 (three), 6 (six) or 12 (twelve) months or such other period as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.

**Zero Coupon Notes**

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).

**Other Notes**

Terms applicable to any other type of Notes that are approved by the JSE, 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.

**Noteholders**

The holders of Notes which are recorded as the registered Noteholders of those Notes in the Register. The relevant Participants will be named in the Register as the registered Noteholders of each Tranche of Notes which is held in the CSD. Each holder of Notes which is represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Notes.

**Rating**

As at the Programme Date, the Programme and the Guarantor are rated. The Issuer and the Notes to be issued under this Programme are not rated but may after the Programme Date be rated by any Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national or international scale basis. Unrated tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer and/or the Guarantor and/or the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency or Rating Agencies which assigned such Rating(s)

Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Any adverse change in the Rating of the Issuer and/or the Guarantor and/or the Programme and/or a Tranche of Notes, as the case may be, could adversely affect the trading price of all or any of the Notes. Any amendment in the Rating of the Issuer and/or the Guarantor and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

**Redemption**

A Tranche of Notes will, subject to the Applicable Pricing Supplement, be redeemed on the Maturity Date, as set out

in Condition 11.1 (*Redemption at Maturity*).

If so specified in the Applicable Pricing Supplement, the Issuer may redeem the Notes of any Tranche at any time prior to the Maturity Date following the occurrence of a change in law and/or for tax reasons, as set out in Condition 11.2 (*Redemption for Tax Reasons*), or unless otherwise set out in the Applicable Pricing Supplement.

If "*Early Redemption at the Option of the Issuer*" is specified as applicable in the Applicable Pricing Supplement or pursuant to Condition 11.3 (*Redemption at the Option of the Issuer*), the Issuer may, having given not less than 30 (thirty) Days' nor more than 60 (sixty) Days' irrevocable notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Noteholders in accordance with Condition 19 (*Notices*), redeem the Tranche of Notes on any Optional Redemption Date(s), or unless otherwise set out in the Applicable Pricing Supplement.

If "*Redemption at the Option of Noteholders*" is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, having given not less than 30 (thirty) Days' nor more than 60 (sixty) Days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement), require the Issuer to redeem Notes on any Optional Redemption Date in the manner specified in Condition 11.4 (*Redemption at the Option of the Noteholders*) and the Applicable Pricing Supplement.

## **Selling Restrictions**

The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for a Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the United Kingdom, the European Economic Area and South Africa (see the section of this Programme Memorandum headed "*Subscription and Sale*"). Any other or additional restrictions which are applicable to the placing of a Tranche of Notes will be set out in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.

## **Size of the Programme**

As at the Programme Date, the Programme Amount is ZAR35,000,000,000. This Programme Memorandum will only apply to Notes issued under the Programme (including Notes issued and still Outstanding under the Programme pursuant to the Previous Programme Memorandum) in an aggregate Outstanding Nominal Amount which does not exceed the Programme Amount. The Issuer may increase the Programme Amount in the manner set out in the section of this Programme Memorandum headed "*General Description of the Programme*". The Programme Amount at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.

**Status of Notes**

The Notes (which will be regarded as senior Notes for purposes of the Programme) constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* 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.

**Taxation**

All payments in respect of the Notes are subject to applicable tax laws and regulations of the Republic of South Africa. A summary of the applicable tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed "*South African Taxation*". The summary does not constitute tax advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.

**Terms and Conditions**

The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*". The Applicable Pricing Supplements may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in relation to specific terms and conditions of the Notes of any Tranche of Notes issued.

**Use of Proceeds**

The Issuer will use the issue proceeds of the Notes for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.

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## FORM OF THE NOTES

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

### **Notes issued in certificated form**

All certificated Notes will be represented by a single Individual Certificate in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Subject to the Applicable Laws, title to Notes represented by Individual Certificates will be freely transferable and will pass upon registration of transfer in accordance with Condition 15.2 (*Transfer of Notes represented by Individual Certificates*) of the Terms and Conditions.

The Issuer shall regard the Register as the conclusive record of title to the Notes represented by Individual Certificates.

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 10 (*Payments*) of the Terms and Conditions to the Person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the payment obligations of the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

### **Notes issued in uncertificated form**

A Tranche of Notes which is listed on the Interest Rate Market of the JSE must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held by the CSD in accordance with the Applicable Procedures.

### **Beneficial Interests in Notes held in the CSD**

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD. While a Tranche of Notes is held in the CSD, the relevant Participant(s) will be named in the Register as the registered Noteholder(s) of the Notes in that Tranche.

The CSD will hold each Tranche of Notes subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.

The CSD maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Citibank N.A. South Africa Branch; FirstRand Bank Limited; Nedbank Limited; Standard Chartered Bank, Johannesburg Branch; Société Générale, Johannesburg Branch; The Standard Bank of South Africa Limited and the South African Reserve Bank. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

The Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such 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 Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (**Clearstream**) may hold Notes through their Participant.

In relation to each Person shown in the records of the CSD, as the holder of a Beneficial Interest in a particular Outstanding Nominal Amount of Notes, a certificate or other document issued by the CSD

or the relevant Participant, as the case may be, as to the Outstanding Nominal Amount of such Notes standing to the account of any Person shall be *prima facie* proof of such Beneficial Interest. The CSD will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that outstanding Nominal Amount of such Notes for all purposes.

Subject to Applicable Laws, title to Beneficial Interests held by Participants directly through the CSD will be freely transferable and pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Subject to Applicable Laws, title to Beneficial Interests held by clients of Participants indirectly through such Participants will be freely transferable and pass on transfer thereof by electronic book entry in the security accounts maintained by such Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Terms and Conditions.



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## **RISK FACTORS - NOTES**

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Capitalised terms used in this section headed "Risk Factors-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 are clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision.

References below to the "Terms and Conditions", in relation to Notes, shall mean the "Terms and Conditions of the Notes" set out under the section of this Programme Memorandum headed "Terms and Conditions of the Notes".

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### **Risks Relating to the Notes**

##### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### ***There may not be an active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### ***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all Outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

### ***Because uncertificated Notes are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD will, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD for distribution to its account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD, shall look solely to the CSD, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

### ***Recourse to the BESA Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

### ***Credit Rating***

Tranches of Notes issued under the Programme, the Guarantor, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning

Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

***Risks related to the structure of the particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

*Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

*Notes where denominations involve integral multiples: Individual Certificates*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Principal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Modification and waivers and substitution***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***Change of law***

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa after the Programme Date.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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## PRO FORMA APPLICABLE PRICING SUPPLEMENT

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



### **MERCEDES-BENZ SOUTH AFRICA LIMITED**

*(Pretoria, Republic of South Africa)*

as Issuer

unconditionally and irrevocably guaranteed by

### **DAIMLER AG**

*(Stuttgart, Federal Republic of Germany)*

as Guarantor

### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] Under its ZAR35,000,000,000 Domestic Medium Term Note Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum dated 21 December 2015, prepared by Mercedes-Benz South Africa Limited in connection with the Mercedes-Benz South Africa Limited ZAR35,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*".

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. 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.

#### **PARTIES**

1.	Issuer	Mercedes-Benz South Africa Limited
2.	Guarantor	Daimler AG
3.	Dealer(s)	[ ]
4.	Manager	[ ]
5.	Debt Sponsor	[ ]
6.	Paying Agent	[ ]
	Specified Address	[ ]
7.	Calculation Agent	[ ]
	Specified Address	[ ]
8.	Transfer Agent	[ ]
	Specified Address	[ ]

#### **PROVISIONS RELATING TO THE NOTES**

9.	Status of Notes	Senior [Secured/Unsecured]
10.	Form of Notes	[Listed/Unlisted] Notes, issued in [uncertificated]

form and held by the CSD]

11. Series Number [ ]
12. Tranche Number [ ]
13. Aggregate Nominal Amount:  
(a) Series [ ]  
(b) Tranche [ ]
14. Interest [Interest-bearing/Non-interest-bearing]
15. Interest Payment Basis [[Fixed Rate/Floating Rate/Zero Coupon] Notes/other]
16. Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another [Insert details including date for conversion]
17. Issue Date [ ]
18. Nominal Amount per Note [ ]
19. Specified Denomination [ ]
20. Specified Currency [ ]
21. Issue Price [ ]
22. Interest Commencement Date [ ]
23. Maturity Date [ ]
24. Applicable Business Day Convention [Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details]
25. Final Redemption Amount [ ]
26. Last Day to Register [ ]
27. Books Closed Period(s) The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date

**FIXED RATE NOTES**

28. (a) Fixed Rate of Interest [ ] 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) Fixed Coupon Amount(s) [ ] per [ ] in Nominal Amount
- (d) Initial Broken Amount [ ]
- (e) Final Broken Amount [ ]
- (f) Day Count Fraction [ ]
- (g) Any other terms relating to the particular method of calculating interest [ ]

**FLOATING RATE NOTES**

29. (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 Rate of Interest [ ] percent per annum
- (e) Maximum Rate of Interest [ ] percent per annum
- (f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) [ ]
30. Manner in which the Rate of Interest is to be determined [ISDA Determination / Screen Rate Determination/other – insert details]
31. Margin [(...) basis points to be added to/subtracted from the relevant ISDA Rate / Reference Rate]
32. If ISDA Determination:
- (a) Floating Rate [ ]
- (b) Floating Rate Option [ ]
- (c) Designated Maturity [ ]
- (d) Reset Date(s) [ ]
- (e) ISDA Definitions to apply [ ]
33. If Screen Determination:
- (a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated) [ ]
- (b) Interest Rate Determination Date(s) [ ]
- (c) Relevant Screen Page and Reference Code [ ]
34. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions [ ]
35. Calculation Agent responsible for calculating amount of principal and interest [ ]

#### ZERO COUPON NOTES

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

#### OTHER NOTES

37. If the Notes are not Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or if the Notes are a [ ]

combination of any of the foregoing, set out the relevant description and any additional Terms and Conditions relating to such Notes.

#### PROVISIONS REGARDING REDEMPTION/MATURITY

- |     |  |          |
|-----|--|----------|
| 38. | Redemption at the Option of the Issuer:  | [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 11.3 ( <i>Redemption at the Option of the Issuer</i> ))  | [ ]      |
|     | (d) If redeemable in part:   | [ ]      |
|     | Minimum Redemption Amount(s)   | [ ]      |
|     | Higher Redemption Amount(s)  | [ ]      |
|     | (e) Other terms applicable on Redemption   |          |
| 39. | Redemption at the Option of the Noteholders:   | [Yes/No] |
|     | if yes:  |          |
|     | (a) Optional Redemption Date(s)  | [ ]      |
|     | (b) Optional Redemption Amount(s)  | [ ]      |
|     | (c) Minimum period of notice (if different from Condition 11.4 ( <i>Redemption at the Option of the Noteholders</i> ))   | [ ]      |
|     | (d) If redeemable in part:   |          |
|     | Minimum Redemption Amount(s)   | [ ]      |
|     | Higher Redemption Amount(s)  | [ ]      |
|     | (e) Other terms applicable on Redemption   | [ ]      |
|     | (f) Attach <i>pro forma</i> put notice(s)  |          |
| 40. | Early Redemption Amount(s) payable on redemption for taxation reasons pursuant to Condition 11.2 ( <i>Redemption for Tax Reasons</i> ), on redemption at the option of the | [Yes/No] |



Issuer pursuant to Condition 11.3 (*Redemption at the Option of the Issuer*), on redemption at the option of the Noteholders pursuant to Condition 11.4 (*Redemption at the Option of the Noteholders*), or on Event of Default pursuant to Condition 17 (*Events of Default*) (if required or if different from that set out in the relevant Conditions).

If yes:

- (a) Amount payable; or [ ]
- (b) Method of calculation of amount payable [ ]

#### GENERAL

41. Financial Exchange [Interest Rate Market of the JSE]
42. Additional selling restrictions [ ]
43. ISIN No. [ ]
44. Stock Code [ ]
45. Stabilising manager [ ]
46. Provisions relating to stabilisation [ ]
47. Method of distribution [Auction/Bookbuild/Private Placement]/or any other method, which is to be advised by the Dealer]
48. Credit Rating assigned to the [Issuer]/[Guarantor]/[Programme]/[Notes] [N/A] [ ]/[issue date and renewal date of rating to be specified]
49. Applicable Rating Agency [ ]
50. Governing law (if the laws of South Africa are not applicable) [ ]
51. Other provisions [Other Events of Default in addition to the Events of Default referred to in Condition 17 (Events of Default)]  
[Other covenants, provisions]

#### DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS IN RELATION TO THIS ISSUE OF NOTES

52. Paragraph 3(5)(a)  
The "ultimate borrower" (as defined in the Commercial Paper Regulations) is the [Issuer].
53. 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.
54. Paragraph 3(5)(c)  
The auditor of the Issuer is [insert].
55. Paragraph 3(5)(d)  
As at the date of this issue:
- (i) the Issuer has issued [ZAR\*,000,000,000] (excluding this issuance) Commercial Paper (as defined in the Commercial Paper Regulations) (which amount

includes Notes issued under the Previous Programme Memorandum); and

(ii) the Issuer estimates that it may issue [ZAR~~0~~,000,000,000] of Commercial Paper during the current financial year, ending [Insert].

56. Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.

57. Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

58. Paragraph 3(5)(g)

The Notes issued will be [listed/unlisted].

59. 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.

60. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are guaranteed in terms of the Guarantee provided by the Guarantor but are otherwise unsecured.

61. Paragraph 3(5)(j)

[Insert], the statutory Auditor of the Issuer, have confirmed that [their review did not reveal anything which indicates / nothing has come to their attention to indicate] that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

**Responsibility:**

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement and the Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Applicable Pricing Supplement and the Programme Memorandum is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement and Programme Memorandum contain all information required by law and the debt listings requirements of the JSE.

As at the date of this Applicable Pricing Supplement, the Issuer confirms that the authorised Programme Amount of ZAR35,000,000,000 has not been exceeded.

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

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20••

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

\_\_\_\_\_  
Name:  
Capacity: Director  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity: Director  
Who warrants his/her authority hereto

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## TERMS AND CONDITIONS OF THE NOTES

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The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Note. A Tranche of Notes will be issued on, and subject to, the below Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to the JSE, or such other or further Financial Exchange(s), 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 the Interest Rate Market of the JSE or such other Financial Exchanges and, in that case, no Applicable Pricing Supplement will be delivered to JSE or such other or further Financial Exchange(s).

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.

Words and expressions used in the Applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any reference to legislation or a statute shall be to such legislation or statute as amended, varied or re-enacted 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>Affiliate</b>	in relation to any Person, a Subsidiary of that Person or a Holding Company of that person or any other Subsidiary of that Holding Company;
<b>Applicable Laws</b>	in relation to any Person, all and any statutes and subordinate legislation and common law, regulations, ordinances and by-laws, directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and other similar provisions, from time to time, compliance with which is mandatory for that Person in South Africa;
<b>Applicable Pricing Supplement</b>	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed " <i>Pro Forma Applicable Pricing Supplement</i> ";
<b>Applicable Procedures</b>	the rules and operating procedures for the time being of the CSD, the Participants and the debt listings requirements of the JSE and/or any other Financial Exchange;
<b>Banks Act</b>	the Banks Act, 1990;
<b>Beneficial Interest</b>	in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of Notes bears to the aggregate outstanding Nominal

	Amount of all of the Notes in that Tranche, as provided in section 37(3) of the Financial Markets Act;
<b>BESA Guarantee Fund Trust</b>	the guarantee fund trust established and operated by the JSE as a separate guarantee fund, in terms of sections 8(1)(h) and 17(2)(w) of the Financial Markets Act or any successor fund;
<b>Books Closed Period</b>	in relation to a Tranche of Notes, the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfers 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 principal and/or 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) on which commercial banks settle ZAR payments in Johannesburg, save further that if the Applicable Pricing Supplement so provides, " <i>Business Day</i> " shall include a Saturday;
<b>Calculation Agent</b>	RMB, unless the Issuer elects to appoint another entity as Calculation Agent, in which event, that other entity shall act as Calculation Agent as specified in the Applicable Pricing Supplement;
<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>	the commercial paper regulations of 14 December 1994 issued pursuant to paragraph (cc) of the definition of " <i>the business of a bank</i> " in the Banks Act, set out in Government Notice 2172 and published in Government Gazette 16167 of 14 December 1994;
<b>Companies Act</b>	the Companies Act, 2008;
<b>CSD</b>	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s);
<b>Day</b>	a Gregorian calendar day unless qualified by the word " <i>Business</i> ";
<b>Day Count Fraction</b>	in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the <b>Calculation Period</b> ), the Day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and: <ul style="list-style-type: none"> <li>(a) if <b>Actual/365</b> or <b>Act/365</b> is so specified, means 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 the 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);</li> <li>(b) if <b>Actual/Actual (ICMA)</b> is so specified, means:</li> </ul>

1. where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of Days in the Calculation Period divided by the product of (1) the actual number of Days in such Regular Period and (2) the number of Regular Periods in any year; and
  2. where the calculation Period is longer than one Regular Period, the sum of:
    - a. the actual number of Days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of Days in such Regular Period and (2) the number of Regular Periods in any year; and
    - b. the actual number of Days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of Days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (c) if **Actual/Actual** or **Actual/Actual (ISDA)** is so specified, means the actual number of Days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of Days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of Days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (d) if **Actual/365 (Fixed)** is so specified, means the actual number of Days in the Calculation Period divided by 365;
- (e) if **Actual/360** is so specified, means the actual number of Days in the Calculation Period divided by 360;
- (f) if **30/360**, **360/360** or **Bond Basis** is so specified, means the number of Days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first Day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the first Day immediately following the last Day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which

the first Day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the first Day immediately following the last Day included in the Calculation Period falls;

**D<sub>1</sub>** is the first Day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (g) if **30E/360** or **Eurobond Basis** is so specified, means the number of Days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first Day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

**D<sub>1</sub>** is the first Day, expressed as a number, of the Calculation Period unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

- (h) if **30E/360 (ISDA)** is so specified, means the number of Days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first Day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which

	the Day immediately following the last Day included in the Calculation Period falls;
	<b>D<sub>1</sub></b> is the first Day, expressed as a number, of the Calculation Period unless (i) that Day is the last Day of February or (ii) such number would be 31, in which case <b>D<sub>1</sub></b> will be 30; and
	<b>D<sub>2</sub></b> is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless (i) that Day is the last Day of February but not the Maturity Date or (ii) such number would be 31, in which case <b>D<sub>2</sub></b> will be 30;
<b>Dealer(s)</b>	Any other entity appointed as Dealer by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any such Dealer, as indicated in the Applicable Pricing Supplement;
<b>Early Redemption Amount</b>	in relation to a Tranche of Notes, the amount, as set out in Condition 11.5 ( <i>Early Redemption Amounts</i> ), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Condition 11.2 ( <i>Redemption for Tax Reasons</i> ), Condition 11.3 ( <i>Redemption at the Option of the Issuer</i> ), Condition 11.4 ( <i>Redemption at the Option of the Noteholders</i> ) and/or Condition 17 ( <i>Events of Default</i> );
<b>Event of Default</b>	in relation to a Series of Notes, any of the events described in Condition 17 ( <i>Events of Default</i> );
<b>Exchange Control Regulations</b>	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;
<b>Extraordinary Resolution</b>	a resolution passed at a meeting (duly convened) of the Noteholders or a Class of Noteholders, as the case may be, by a majority consisting of not less than 66.67% (sixty-six point sixty-seven percent) of the Noteholders (in person or by proxy) 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 66.67% (sixty-six point sixty-seven percent) of the votes given on such poll;
<b>Final Broken Amount</b>	in relation to a Tranche of Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
<b>Final Redemption Amount</b>	in relation to a Tranche of Notes, the amount of principal specified in the Applicable Pricing Supplement payable in respect of such Tranche of Notes upon the Maturity Date;
<b>Financial Exchange</b>	the JSE and/or such other or additional financial exchange(s) as may be determined by the Issuer and the relevant Dealer(s), subject to Applicable Laws, and upon which the Notes are listed as specified in the Applicable Pricing Supplement;
<b>Financial Markets Act</b>	the Financial Markets Act, 2012;
<b>Fixed Coupon Amount</b>	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;
<b>Fixed Interest Payment Date</b>	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Fixed Interest Period</b>	in relation to a Tranche of Fixed Rate Notes, 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 or as otherwise set out in the

	Applicable Pricing Supplement;
<b>Fixed Rate Notes</b>	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
<b>Fixed Rate of Interest</b>	in relation to a Tranche of Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
<b>Floating Rate</b>	in relation to a Tranche of Notes, the floating rate of interest specified as such in the Applicable Pricing Supplement;
<b>Floating Rate Notes</b>	Notes which will bear interest at a Floating Rate Interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 9.2 ( <i>Floating Rate Notes</i> );
<b>Guarantee</b>	the guarantee dated on 21 December 2015 executed by the Guarantor in favour of the Noteholders, the form of which is contained in this Programme Memorandum in the section headed " <i>Form of Guarantee</i> ";
<b>Guarantor</b>	Daimler AG (registration number HRB 19360), a stock corporation organized under the laws of the Federal Republic of Germany;
<b>Higher Redemption Amount</b>	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
<b>ICMA</b>	International Capital Market Association;
<b>IFRS</b>	the International Financial Reporting Standards issued by the International Accounting Standards Board ( <b>IASB</b> ) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);
<b>Implied Yield</b>	in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of such Notes, as specified in the Applicable Pricing Supplement;
<b>Income Tax Act</b>	Income Tax Act, 1962;
<b>Individual Certificate</b>	a Note in the definitive registered form of a single certificate and being a certificate exchanged for Beneficial Interest in accordance with Condition 13 ( <i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i> ) and any further certificate issued in consequence of a transfer thereof;
<b>Initial Broken Amount</b>	in relation to a Tranche of Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
<b>Interest Amount</b>	in relation to a Tranche of Notes, the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes and Floating Rate Notes, as determined by the Calculation Agent in accordance with Condition 9 ( <i>Interest</i> );
<b>Interest Commencement Date</b>	in relation to a Tranche of Notes (where applicable) 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 Determination Date</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Interest Payment Date</b>	in relation to a Tranche of Notes, the Interest Payment Date(s) and/or the Redemption Date 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 Period</b>	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;
<b>Interest Rate and Rate of Interest</b>	in relation to a Tranche of Notes, the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
<b>Interest Rate Market of the JSE</b>	the separate platform or sub-market of the JSE designated as the " <i>Interest Rate Market</i> ", or such other platform or submarket designated by the JSE from time to time, and on which Notes (and other debt securities) may be listed;
<b>ISDA</b>	the International Swaps and Derivatives Association Inc.;
<b>ISDA Definitions</b>	the 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
<b>Issue Date</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Issue Price</b>	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
<b>Issuer</b>	Mercedes-Benz South Africa Limited (registration number 1962/000271/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa;
<b>JSE</b>	the JSE Limited (registration number 2005/022939/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE;
<b>Last Day to Register</b>	with respect to a particular Tranche of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
<b>Margin</b>	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
<b>Maturity Date</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Minimum Redemption Amount</b>	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
<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</b>	the registered holders of the Notes as recorded in the Register;
<b>Notes</b>	unsecured registered notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
<b>Outstanding</b>	<p>in relation to the Notes, all the Notes issued under the Programme (including all Notes issued under the Programme pursuant to the Previous Programme Memorandum) other than:</p> <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 wherefore (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 presentation of Individual Certificates (if any);</li> <li>(c) those which have been purchased and cancelled as provided in Condition 11 (<i>Redemption and Purchase</i>);</li> <li>(d) those which have become prescribed under Condition 16 (<i>Prescription</i>);</li> <li>(e) those represented by mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 13 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>); or</li> <li>(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 Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 13 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>),</li> </ul> <p>provided that for each of the following purposes:</p> <ul style="list-style-type: none"> <li>(i) the right to attend and vote at any meeting of the Noteholders; and</li> <li>(ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 20 (<i>Amendment of these Conditions</i>) and 21 (<i>Meetings of Noteholders</i>),</li> </ul> <p>all 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 shall (unless and until ceasing to be so held), be deemed not to be Outstanding;</p>
<b>Optional Redemption Amount</b>	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;

<b>Participant</b>	a Person accepted by the CSD as a participant in terms of section 31 of the Financial Markets Act, and who is approved by the JSE, in terms of the debt listings requirements of the JSE, as a Settlement Agent to perform electronic settlement of funds and scrip;
<b>Paying Agent</b>	RMB, unless the Issuer elects to appoint another entity as Paying Agent, in which event that other entity shall act as a Paying Agent, 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>Person</b>	shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
<b>Previous Notes</b>	notes issued by the Issuer prior to the date of this Programme Memorandum under the Programme and pursuant to the Previous Programme Memorandum;
<b>Previous Programme Memorandum</b>	the Programme Memorandum dated 8 August 2013 relating to the Previous Notes prepared in connection with the Programme, as revised, supplemented, amended by the supplement;
<b>Programme</b>	Mercedes-Benz South Africa Limited ZAR35,000,000,000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;
<b>Programme Amount</b>	the maximum aggregate Outstanding Nominal Amount of all of the Notes that may be issued under the Programme (including Previous Notes issued and still Outstanding under the Programme pursuant to the Previous Programme Memorandum) at any one point in time, being ZAR35,000,000,000 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> ";
<b>Programme Date</b>	the date of this Programme Memorandum being 21 December 2015;
<b>Rating</b>	in relation to the Issuer and/or the Guarantor and/or the Programme and/or a Tranche of Notes (where applicable), as the case may be, the rating of the Issuer and/or the Guarantor and/or the Programme and/or the Tranche of Notes, as the case may be, granted by the Rating Agency, specified in the Applicable Pricing Supplement;
<b>Rating Agency</b>	Fitch Ratings Limited ( <b>Fitch</b> ), Moody's Investors Service Limited ( <b>Moody's</b> ), as the case may be, and their successors or any other Rating Agency of equivalent international standing, as the case may be, and as specified in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 19 ( <i>Notices</i> );
<b>Redemption Date</b>	in relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, in accordance with Condition 11 ( <i>Redemption and Purchase</i> );

<b>Reference Banks</b>	four leading banks in the South African inter-bank market selected by the Calculation Agent;
<b>Reference Rate</b>	in relation to a Tranche of Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
<b>Reference Price</b>	in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
<b>Register</b>	the register of Noteholders maintained by the Transfer Agent in terms of Condition 14 ( <i>Register</i> ), including any Uncertificated Securities Register, as the case may be;
<b>Regular Period</b>	<p>(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;</p> <p>(b) in the case Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "<i>Regular Date</i>" means the Day and the month (but not the year) on which any Interest Payment Date falls; and</p> <p>in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "<i>Regular Date</i>" means the Day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;</p>
<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>Relevant Screen Page</b>	in relation to a Tranche of Notes (where applicable), the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;
<b>Representative</b>	a Person duly authorised to act on behalf of a Noteholder, the Transfer Agent or the Paying Agent, as the case may be, 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, the Transfer Agent and the Paying Agent;
<b>RMB</b>	Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1926/001225/06), a public company with limited liability and registered bank duly incorporated in accordance with the company and banking laws of South Africa;
<b>SENS</b>	the Stock Exchange News Service;
<b>Series</b>	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: <ul style="list-style-type: none"> <li>(i) expressed to be consolidated and form a single series; and</li> <li>(ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;</li> </ul>
<b>Settlement Agent</b>	a Participant, approved by the JSE in terms of the Applicable Procedures to perform electronic settlement of both funds and scrip on behalf of market participants;
<b>South Africa</b>	the Republic of South Africa;
<b>Specified Currency</b>	in relation to each Note in a Tranche of Notes, subject to all Applicable Laws, the currency specified in the Applicable Pricing Supplement;
<b>Specified Denomination</b>	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement;
<b>Specified Office</b>	the office of the Transfer Agent, the Paying Agent and/or the Calculation Agent as specified in the Applicable Pricing Supplement;
<b>Subsidiary</b>	a subsidiary company as defined in section 3(1)(a) 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>Terms and Conditions</b>	the terms and conditions incorporated in this section headed " <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 Agent</b>	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa or such other person appointed by the Issuer as Transfer Agent, in which event, that other entity will act as Transfer Agent as specified in the Applicable Pricing Supplement;
<b>Transfer Form</b>	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
<b>Uncertificated Securities Register</b>	an Uncertificated Securities Register as contemplated in section 1 of the Companies Act;
<b>Wholly-Owned Subsidiary</b>	a wholly-owned subsidiary as defined in section 3(1)(b) 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) that 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, as indicated in the Applicable Pricing Supplement.

## 2. ISSUE

- 2.1. The Issuer may, at any time and from time to time (without the consent of any Noteholder), issue one or more Tranche(s) of Notes pursuant to the Programme, provided that the aggregate Outstanding Nominal Amount of all of the Notes issued under the Programme from time to time (including all Previous Notes issued and still Outstanding under the Programme pursuant to the Previous Programme Memorandum) does not exceed the Programme Amount.
- 2.2. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the applicable Terms and Conditions of a Tranche of Notes which are the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement relating to that Tranche of Notes.
- 2.3. Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and specified in the relevant Applicable Pricing Supplement.
- 2.4. All payments in relation to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.
- 2.5. The Terms and Conditions of a Tranche of Notes are incorporated by reference into the Individual Certificate(s) (if any) representing the Notes in that Tranche. The Applicable Pricing Supplement relating to a Tranche of Notes issued in certificated form will be attached to the Individual Certificate(s) representing the Notes in that Tranche.

## 3. FORM AND DENOMINATION

### 3.1. General

- 3.1.1. A Tranche of Notes may be issued in the form of listed or unlisted Notes, as specified in the Applicable Pricing Supplement.
- 3.1.2. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to any Applicable Laws and Applicable Procedures. Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and if so, the Financial Exchange on which such Tranche of Notes will be listed.

### 3.2. Registered Notes

A Tranche of Notes will be issued in certificated form or in uncertificated form, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), respectively, as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and issued in uncertificated form will be held in the CSD, as contemplated in Condition 3.2.2 (*Notes issued in uncertificated form*). A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition 3.2.2.2 (*Beneficial Interests in Notes held in the CSD*).

#### 3.2.1. *Notes issued in certificated form*

All Notes issued in certificated form will be represented by Individual Certificates.

### 3.2.2. **Notes issued in uncertificated form**

#### 3.2.2.1. *General*

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act. Notes issued in uncertificated form will be held in the CSD. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the Financial Markets Act.

#### 3.2.2.2. *Beneficial Interests in Notes held in the CSD*

- (i) A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.
- (ii) The CSD will hold Notes subject to the Financial Markets Act and the Applicable Procedures.
- (iii) All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.
- (iv) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

#### 3.2.3. **Recourse to the BESA Guarantee Fund Trust**

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

## 4. **TITLE**

### 4.1. **Notes issued in certificated form**

- 4.1.1. Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Notes.
- 4.1.2. Title to Notes represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 15.2 (*Transfer of Notes represented by Individual Certificates*).
- 4.1.3. The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and 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 Note may be subject.

### 4.2. **Notes issued in uncertificated form and Beneficial Interests**

- 4.2.1. The relevant Participants will be named in the Register as the registered Noteholders of each Tranche of Notes which is issued in uncertificated form.
- 4.2.2. Notwithstanding Condition 4.2.1, Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

- 4.2.3. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.
- 4.2.4. In relation to each Person shown in the records of the CSD, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD, as to the aggregate Nominal Amount of such Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. The CSD will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.
- 4.2.5. Beneficial Interests in Notes will be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register; however the relevant Participants will be reflected in the Register as the registered holders of such Notes, notwithstanding such transfers.
- 4.2.6. Any reference in the Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

## 5. STATUS OF NOTES

The Notes are senior in nature and constitute direct, unconditional, unsubordinated and unsecured 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 by the laws of South Africa.

## 6. NEGATIVE PLEDGE

So long as any of the Notes remain Outstanding, the Issuer undertakes not to provide security over its assets for any other notes or bonds, 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.

## 7. GUARANTEE

- 7.1. The Guarantor has given its unconditional and irrevocable guarantee (the **Guarantee**) to the Noteholders of Notes issued on or after the Programme Date under the Programme the due and punctual 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 Guarantor has further undertaken (the **Undertaking**) that for so long as the Notes are Outstanding not to provide security over its assets for any other notes or bonds, 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.
- 7.2. The Guarantee constitutes a contract for the benefit of the Noteholders as third party beneficiaries in accordance with § 328 subparagraph (1) German Civil Code (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.
- 7.3. The Guarantee, will be deposited with, and be held by, the Arranger until the later of:
- 7.3.1. the date on which the Programme is terminated by the Issuer; and
- 7.3.2. the date on which all of the obligations of the Issuer and the Guarantor under or in respect of the Notes and/or the Guarantee, as the case may be, have been discharged in full.
- 7.4. Each Noteholder shall be entitled to require the Arranger to produce the original of the Guarantee, on request and further 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 shall not accept any liability, duty or responsibility to Noteholders in this regard.

## 8. SUBSTITUTION

- 8.1. The Issuer shall, without the consent of the Noteholders, be entitled at any time to substitute for itself, any other company, as principal debtor (the **Substituted Issuer**) in respect of all obligations arising from or in connection with the Notes, provided that –
- 8.1.1. 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;
- 8.1.2. 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
- 8.1.3. the Substituted Issuer is a resident of South Africa in accordance with the prevailing Exchange Control Regulations.
- 8.2. The Noteholders shall be notified in accordance with Condition 19 (*Notices*).
- 8.3. 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.

## 9. INTEREST

### 9.1. Fixed Rate Notes

- 9.1.1. Each Fixed Rate Note bears interest on its outstanding Nominal Amount from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrears on the Fixed Interest Payment Dates in each year up to and including the Maturity Date.
- 9.1.2. The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.
- 9.1.3. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per 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 Coupon Amount, provided that:
- 9.1.3.1. 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
- 9.1.3.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 9.1.4. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

### 9.2. Floating Rate Notes

#### *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding Nominal Amount from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in arrears 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).

### *Rate of Interest*

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

### *Minimum and/or Maximum Rate of Interest*

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

### *Determination of Rate of Interest and Calculation of Interest Amount*

The Calculation Agent, in the case of Floating Rate Notes will at, or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, 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.

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

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest 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 most recent 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 Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to the provisions 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 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 (a)(i) above, no such offered quotation appears or, in the case of (a)(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 Rate of Interest 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 Rate of Interest cannot be determined by applying the provisions of (a) and (b) above, the Rate of Interest 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 Rate of Interest 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 Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin 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 Rate of Interest in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

#### *Notification of Rate of Interest and Interest Amount*

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE and the CSD and/or every other relevant exchange or authority as soon as possible after their determination but in any event 3 (three) Business Days prior to the relevant Interest Payment Date. 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 the JSE, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 19 (*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 subparagraph 9.2, 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 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.

#### 9.3. **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 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 uncertificated Notes, the date on which the full amount of the money payable has been received by the CSD and notice to that effect has been given to Noteholders in accordance with Condition 19 (*Notices*).

#### 9.4. **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 that 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.

### 10. **PAYMENTS**

#### 10.1. **General**

Payments of principal and/or 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 Day 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 Day to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Transfer Agent.

Payments of principal and/or interest in respect of uncertificated Notes shall be made to the CSD, as shown in the Register on the Last Day to Register. Each of the Persons shown in the records of the CSD, shall look solely to the CSD for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes.

## 10.2. Method of Payment

Payments will be made in the Specified Currency by credit or transfer, by means of electronic settlement, to the Noteholder.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment.

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 the address of the Noteholder as set forth in the Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer, 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 10.2 (*Method of Payment*).

In the case of joint Noteholders, 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.

## 10.3. Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day, and no Business Day Convention has been stipulated in the Applicable Pricing Supplement, 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.

## 10.4. Discharge

10.4.1. In the case of Notes represented by an Individual Certificate(s), the Issuer shall be discharged from its payment obligations under such Notes upon payment of the Final Redemption Amount to the registered holder of such Note set forth in the Register.

10.4.2. In the case of uncertificated Notes, the Issuer shall be discharged from its payment obligations under such Notes upon payment of the Final Redemption Amount to the CSD (as shown the Register on the Last Day to Register).

## 10.5. 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:

- 10.5.1. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- 10.5.2. the Optional Redemption Amount(s) (if any), as specified in the Applicable Pricing Supplement, of the Notes;
- 10.5.3. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 11.5.3); and
- 10.5.4. 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.

## 11. REDEMPTION AND PURCHASE

### 11.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer in the Specified Currency at its Final Redemption Amount plus interest (if any) specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

### 11.2. 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 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), on giving not less than 30 (thirty) Days nor more than 60 (sixty) Days' notice to the Noteholders prior to such redemption, in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable and include the particulars to the relevant change pursuant Condition 11.2.1 below), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

11.2.1. as a result of any change in, or amendment to, the laws and regulations of South Africa or any political sub-division thereof, or any authority in, or of, South Africa having power to tax, or any change or amendment to an official interpretation or application of such laws or regulations 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 12; and

11.2.2. 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 11.2 in whole or in part. A redemption in part may be effected by the Issuer:

11.2.2.1. notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts; and

11.2.2.2. *mutatis mutandis* in the manner described in Condition 11.3 (*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 (both as specified in the Applicable Pricing Supplement) therein shall be disregarded for such purposes.

Notes redeemed for tax reasons pursuant to this Condition 11.2 will be redeemed at their Early Redemption Amount referred to in Condition 11.5 (*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.

### 11.3. Redemption at the Option of the Issuer

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 (thirty) Days nor more than 60 (sixty) Days irrevocable notice to the Noteholders in accordance with Condition 19 (*Notices*) or unless otherwise specified with the Applicable Pricing Supplement, redeem all or some of the Notes (to which such Applicable Pricing Supplement relates) 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 interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a Nominal Amount equal to 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 Applicable Procedures in the case of Redeemed Notes which are uncertificated, 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 will be published in accordance with Condition 19 (*Notices*) not less than 30 (thirty) 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 which are uncertificated shall be equal to the balance of the Redeemed Notes. No exchange of the relevant uncertificated Notes 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 19 (*Notices*) at least 10 (ten) Days prior to the Selection Date.

Holders of Redeemed Notes shall surrender the Individual Certificates, 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 are redeemed, the Transfer Agent shall deliver new Individual Certificates to the Noteholders, as the case may be, in respect of the balance of the Notes.

#### 11.4. **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 by delivering to the Transfer Agent, in accordance with Condition 19 (*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 by the Noteholders of uncertificated Notes 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 to the Transfer 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 to the Transfer Agent. Put Notices shall be available for inspection at the Specified Offices of the Transfer 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 17 (*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.

#### 11.5. **Early Redemption Amounts**

For the purpose of Condition 11.2 (*Redemption for Tax Reasons*), Condition 11.3 (*Redemption at the Option of the Issuer*), Condition 11.4 (*Redemption at the Option of the Noteholders*) and/or Condition 17 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount plus interest (if any), calculated as follows:

- 11.5.1. in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- 11.5.2. 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, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- 11.5.3. in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or
- 11.5.4. such other amount or method of calculation of the amount payable as is provided 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 (three hundred and sixty five), or such other calculation basis as may be specified in the Applicable Pricing Supplement.

#### 11.6. **Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes (in the open market or in privately negotiated transactions with any Noteholders) 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 and/or the relevant Subsidiary, as the case may be, surrendered to the Transfer Agent for cancellation.

#### 11.7. **Cancellation**

All Notes which have been redeemed will forthwith be cancelled. 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 an Individual Certificate are cancelled, the Transfer Agent shall deliver an Individual Certificate to such Noteholder in respect of the balance of the Notes.

#### 11.8. **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 11 (*Redemption and Purchase*) or upon its becoming due and repayable as provided in Condition 17 (*Events of Default*) 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 11.5.3 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 monies payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 19 (*Notices*).

#### 11.9. **Applicable Procedures**

The redemption and partial redemption of Beneficial Interests shall take place in accordance with the Applicable Procedures and the Financial Markets Act.



## 12. TAXATION

All payments in respect of the Notes are subject to the prevailing tax legislation and regulations of South Africa.

## 13. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES

### 13.1. Exchange of Beneficial Interests

13.1.1. The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 42 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the **Exchange Notice**). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the Day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such Day shall be a Business Day and shall fall not less than 30 (thirty) Days after the Day on which such Exchange Notice is given.

13.1.2. The holder's nominated Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) Days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) Day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

13.1.3. In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

13.1.3.1. the CSD will surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office; and

13.1.3.2. the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.

13.1.3.3. An Individual Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

### 13.2. Replacement

If any Individual Certificate is worn out, mutilated, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the Transfer Agent, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer and the Transfer Agent may reasonably require. Worn out, mutilated or defaced Individual Certificates must be surrendered at the Specified Office of the Transfer Agent before replacements will be issued.

### 13.3. Death and sequestration or liquidation of Noteholder

Any Person becoming entitled to Notes as a consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 13.3, or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 13.3 and Condition 15.2 (*Transfer of Notes represented by Individual Certificates*), may transfer such Notes. The Issuer and (if applicable) the CSD and the relevant Participant shall be entitled to retain any amount payable upon the Notes to which any Person is so entitled

until such Person shall be registered as aforesaid or until such time such Notes are duly transferred.

#### 13.4. **Costs**

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and governmental charges that may be imposed in relation to such Individual Certificate and/or the printing, issue and delivery of such Individual Certificate shall be borne by the holder of the Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates 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 the delivery of Certificates and all taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

### 14. **REGISTER**

#### 14.1. The Register of Noteholders:

- 14.1.1. shall be kept at the Specified Office of the Transfer Agent and a copy thereof shall be made available for inspection at the registered office of the Issuer (as set out at the end of the Programme Memorandum) or such other Person as may be appointed for the time being by the Issuer to maintain the Register;
  - 14.1.2. shall contain the names, addresses and bank account numbers of the registered Noteholders;
  - 14.1.3. shall show the total Nominal Amount of the Notes held by Noteholders;
  - 14.1.4. shall show the dates upon which each of the Noteholders was registered as such;
  - 14.1.5. in case of Individual Certificates, shall show the serial numbers of the Individual Certificates and the dates of issue thereof;
  - 14.1.6. 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; and
  - 14.1.7. shall be closed during the Books Closed Period.
- 14.2. The Transfer 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.
- 14.3. Except as provided for in these Terms and Conditions or as required by law, in respect of Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.
- 14.4. Except as provided for in these Terms and 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 Individual Certificate may be subject.

### 15. **TRANSFER OF NOTES**

#### 15.1. ***Transfer of Beneficial Interests in Notes held in the CSD***

- 15.1.1. Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.
- 15.1.2. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.
- 15.1.3. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Participants, in accordance with the Applicable Procedures.
- 15.1.4. Transfers of Beneficial Interests in Notes will be recorded in the Register only in accordance with the Applicable Procedures.

## 15.2. **Transfer of Notes represented by Individual Certificates**

- 15.2.1. In order for any transfer of Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
  - 15.2.1.1. the transfer of such Notes must be embodied in a Transfer Form;
  - 15.2.1.2. the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any Representatives of that registered Noteholder or transferee; and
  - 15.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Notes for cancellation.
- 15.2.2. Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 15.2.3. Subject to this Condition 15.2, the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Notes represented by an Individual Certificate (or the relevant portion of such Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Notes transferred reflecting the outstanding Nominal Amount of the Notes transferred.
- 15.2.4. Where a Noteholder has transferred a portion only of Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Individual Certificate representing the balance of the Notes held by such Noteholder.
- 15.2.5. The transferor of any Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 15.2.6. Before any transfer of Notes represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 15.2.7. No transfer of any Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 14 (*Register*).

If a transfer of any Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.

In the event of a partial redemption of Notes under Condition 11.3 (*Redemption at the Option of the Issuer*), the Transfer Agent shall not be required in terms of Condition 11.3 (*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).

## 16. **PRESCRIPTION**

The Notes will become void unless presented for payment of principal within a period of three years after their redemption date.

## 17. **EVENTS OF DEFAULT**

- 17.1. Any Noteholder shall be entitled, by delivery of a notice in accordance with Condition 19 (*Notices*), to declare the Notes held by the Noteholder due and demand immediate redemption thereof at an amount calculated in accordance with Condition 11.5 (*Early Redemption Amounts*) in the event (each an **Event of Default**) that:
  - 17.1.1. any amounts due under the Notes have not been paid within 30 (thirty) Days from the relevant due date;

- 17.1.2. the Issuer fails duly to perform any other material obligation arising from the Notes, or the Guarantor should fail to perform any material obligation arising from the Undertaking referred to in Condition 7 (*Guarantee*) and such failure continues for more than 45 (forty five) Days after the Issuer has received notice thereof from the Noteholder;
- 17.1.3. the Issuer or the Guarantor announces its inability to meet its financial obligations;
- 17.1.4. a court opens bankruptcy or winding up or other insolvency proceedings against the Issuer (or, in the case of the Issuer, the initiation of business rescue proceedings as defined in section 128(1)(b) of the Companies Act) 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
- 17.1.5. 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.
- 17.2. Any notice, including any notice declaring Notes due, in accordance with this Condition 17 (*Events of Default*) shall be made by means of written declaration delivered by hand or registered post to the Issuer.
- 17.3. In the case of Condition 17.1.2 any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in Conditions 17.1.1, 17.1.3 and 17.1.4 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 Nominal Amount on the Notes representing a Series or, if this is less, one tenth of the Nominal Amount of all Notes then Outstanding.

**17.4. Notification of Event of Default**

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

**18. CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT**

Any third party appointed by the Issuer as Calculation Agent, Transfer Agent, Paying Agent or otherwise shall act solely as the agents 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.

**19. NOTICES**

- 19.1. Notices to Noteholders 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 7th (seventh) Day after the Day on which it is mailed.
- 19.2. All notices to the holders of Notes represented by Individual Certificates shall be in writing and shall be sent by registered mail to the respective addresses of those Noteholders appearing in the Register or delivered by hand to the respective addresses of those Noteholders appearing in the Register. Each such notice shall be deemed to have been received by the relevant Noteholder on the date on which such notice is sent by registered mail (if such notice is sent by registered mail).
- 19.3. Notwithstanding the provisions of Condition 19.1, for so long as all of the Notes in a Tranche are held in their entirety in the CSD, notice may be substituted for the notice contemplated in Condition 19.1, by the delivery of the relevant notice to the CSD, the Participants and the Financial Exchange for communication by them to the holders of Beneficial Interests in such Notes in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests on the Day of delivery of such notice to the CSD.
- 19.4. 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 seventh Day after the Day on which it is sent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.

- 19.5. For so long as any of the Notes are uncertificated, notice may be given by any holder of an uncertificated Note to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participants may approve for this purpose.

## 20. AMENDMENT OF THESE TERMS AND CONDITIONS

- 20.1. These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 20, no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless the JSE has been notified and the amendments have been reduced to writing and signed by or on behalf of the Issuer, the Guarantor and the Noteholders.
- 20.2. 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 established, provided that the JSE or such other Financial Exchange, as the case may be, shall be notified. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be communicated to the relevant Class of Noteholders in accordance with Condition 19 (*Notices*) as soon as is practicable thereafter.
- 20.3. Subject to the prior formal approval of the JSE, the Issuer may, with the prior sanction of an Extraordinary Resolution of Noteholders or with the prior written consent of Noteholders holding not less than 66.67% (sixty-six point sixty-seven percent) in Nominal Amount of the Notes Outstanding from time to time, amend these Terms and 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 19 (*Notices*). A SENS announcement in connection with any such amendment will be published in accordance with the debt listings requirements of the JSE.

## 21. MEETINGS OF NOTEHOLDERS

### 21.1 Convening of meetings

- 21.1.1 The Issuer may at any time convene a meeting of Noteholders (a **meeting** or **the meeting**).
- 21.1.2 The Issuer shall convene a meeting upon the requisition in writing of the holders of at least 25% (twenty five percent) of the aggregate Nominal Amount Outstanding of the Notes (**requisition notice**).
- 21.1.3 Whenever the Issuer wishes or is required to convene a meeting, it shall forthwith give notice in writing to the Noteholders of the place, Day and hour of the meeting and of the nature of the business to be transacted at the meeting.
- 21.1.4 All meetings of Noteholders shall be held in Johannesburg.
- 21.1.5 Any director or duly authorised representative of the Issuer, and any other Person authorised in writing by the Issuer, may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy (as defined below) or duly authorised representative of a Noteholder.

### 21.2 Requisition

- 21.2.1 A requisition notice shall state the nature of the business for which the meeting is to be held and shall be deposited at the registered office of the Issuer.
- 21.2.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

### 21.3 Convening of meetings by requisitionists

If the Issuer does not proceed to cause a meeting to be held within 10 (ten) Days of the deposit with the Issuer of a requisition notice, requisitionists who together hold not less than 25% (twenty five percent) of the aggregate Nominal Amount Outstanding of the Notes for the

time being, may themselves convene the meeting, but the meeting so convened shall be held within 60 (sixty) Days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Notice of the meeting shall be required to be given to the Issuer.

#### 21.4 **Notice of meeting**

21.4.1 Unless the holders of at least 90% (ninety percent) of the aggregate Nominal Amount outstanding of the Notes agree in writing to a shorter period, at least 21 (twenty one) Days written notice specifying the place, Day and time of the meeting and the nature of the business for which the meeting is to be held shall be given by the Issuer to Noteholders. Such notice is required to be given in accordance with Condition 19 (*Notices*).

21.4.2 The accidental omission to give such notice to any Noteholder or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

#### 21.5 **Quorum**

21.5.1 A quorum at a meeting shall for the purposes of considering:

21.1.1.1. Any ordinary resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Nominal Amount outstanding of the Notes; or

21.1.1.2. 21.5.2 an Extraordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than 50.1% (fifty point one percent) of the aggregate Nominal Amount outstanding of the Notes.

21.5.2 No business shall be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.

21.5.3 If, within 15 (fifteen) minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting shall stand adjourned to the same Day in the third week thereafter, at the same time and place, or if that Day is not a Business Day, the following Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy shall constitute a quorum for the purpose of considering any resolution, including an Extraordinary Resolution.

#### 21.6 **Chairman**

The chairman of the meeting shall be appointed by the Issuer.

#### 21.7 **Adjournment**

21.7.1 Subject to the provisions of this Condition 21 (*Meetings of Noteholders*) the chairman may, with the consent (which consent shall not be unreasonably withheld and/or delayed) of, and shall on the direction of the Issuer, adjourn the meeting from time to time and from place to place.

21.7.2 No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

21.7.3 At least 14 (fourteen) Days written notice of the place, Day and time of an adjourned meeting shall be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 21.11.2, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

#### 21.8 **How questions are decided**

21.8.1 At a meeting, a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by any one of the Noteholders present in person or by proxy.

21.8.2 Unless a poll is demanded, a declaration by the chairman that on a show of hands a resolution has been carried, or carried by a particular majority, or lost, shall be conclusive evidence of that fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

21.8.3 A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.

21.8.4 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

## 21.9 **Votes**

On a show of hands every Noteholder present in person shall have one vote. On a poll every Noteholder, present in person or by proxy, shall have one vote for each ZAR1,000,000 (one million rand) of the Nominal Amount outstanding of the Notes held by him. The joint holders of Notes shall have only one vote on a show of hands and one vote on a poll for each ZAR1,000,000 (one million rand) of the Nominal Amount outstanding of the Notes of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by proxy at the meeting. The Noteholder in respect of uncertificated Notes shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the CSD from the holders of Beneficial Interests conveyed through the Settlement Agents in accordance with the Applicable Procedures. Notwithstanding anything to the contrary contained herein, any Noteholder that is the Issuer or any of its Subsidiaries shall not be entitled to vote.

## 21.10 **Proxies and representatives**

21.10.1 Noteholders may:

21.10.1.1 present in person; or

21.10.1.2 through any appointed Person (a **proxy**), 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 of a duly authorised officer of the corporation,

vote on a poll.

21.10.2 A Person appointed to act as proxy need not be a Noteholder.

21.10.3 The form of proxy shall be deposited in accordance with the Applicable Procedures, at the office of the Noteholder's nominated Participant or at such other office as the Issuer may determine not less than 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the Person named in such form of proxy proposes to vote, and in default, the proxy shall be invalid.

21.10.4 No form of proxy shall be valid after the expiration of 6 (six) months from the date named in it as the date of its execution.

21.10.5 A proxy shall have the right to demand or join in demanding a poll.

21.10.6 Notwithstanding Condition 21.10.4 the form of proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.

21.10.7 A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the Transfer Agent more than, and that the transfer has been given effect to less than, 12 (twelve) hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

21.10.8 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any Person to act as its representative in connection with any meeting or proposed meeting of Noteholders. Any reference in this Condition 21 (*Meetings of Noteholders*) to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

**21.11 Minutes**

21.11.1 The Issuer shall cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

21.11.2 Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

**21.11 Mutatis mutandis application**

The provisions of this Condition 21 (*Meetings of Noteholders*) shall apply *mutatis mutandis* to the calling and conduct of meetings on an individual Tranche, Series or Class of Noteholders, as the case may be.

**22. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as any of the other Notes issued under the Programme or the same in all respects save for the amount and date of the first payment of interest thereon, the Issue Price and the Issue Date, so that the further Notes shall be consolidated to form a single Series with the Outstanding Notes.

**23. GOVERNING LAW**

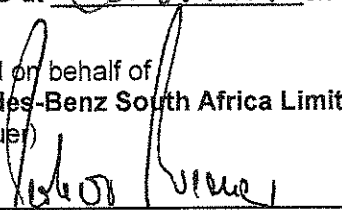
23.1. These Terms and Conditions and all rights and obligations to the Notes are governed by, and shall be construed in accordance with, the laws of South Africa in force from time to time.

23.2. The terms of the Guarantee shall be governed by and shall be construed in accordance with, the laws of the Republic of Germany in force from time to time.



SIGNED at Centurion on this 21<sup>st</sup> day of December 2015.

For and on behalf of  
**Mercedes-Benz South Africa Limited**  
(as Issuer)



Name: Herbert Werner  
Capacity: Director  
Who warrants his/her authority hereto



Name: Florian Seidel  
Capacity: Director  
Who warrants his/her authority hereto

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**USE OF PROCEEDS**

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

The proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

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## FORM OF GUARANTEE

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### Daimler AG

Stuttgart, Bundesrepublik Deutschland

(non-binding translation)

#### Garantie

zugunsten der Gläubiger (die „Schuldverschreibungsgläubiger“) der von der Mercedes-Benz South Africa Limited (registernummer 1962/000271/06) als Emittenten (der „Emittent“) im Rahmen des ZAR35,000,000,000 Domestic Medium Term Note Programmes vom 21 Dezember 2015 (das „Programme“) begebenen Schuldverschreibungen (die „Schuldverschreibungen“).

Die Daimler AG garantiert den Schuldverschreibungsgläubigern hiermit unwiderruflich und unbedingt die ordnungsmäßige und pünktliche Zahlung der herausgegebenen Schuldverschreibungen ab dem 21 Dezember 2015 unter den zuvor in Südafrikanischen Rand der Beträge, die Kapital und etwaige 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 Limited oder der gemäß Condition 8 (*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 Limited oder die gemäß Condition 8 (*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.

Solange Schuldverschreibungen unter dem

#### Guarantee

in favour of the holders of notes (the **Notes** and the holders thereof, the **Noteholders**) issued by Mercedes-Benz South Africa Limited (registration number 1962/000271/06) as the issuer (the **Issuer**) under the ZAR35,000,000,000 Domestic Medium Term Note Programme dated 21 December 2015 (the **Programme**).

Daimler AG hereby irrevocably and unconditionally guarantees to the Noteholders of the Notes issued on or after 21 December 2015 under the aforesaid Programme the due and punctual 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 Limited or the company or companies which may have been substituted for the same pursuant to Condition 8 (*Substitution of the Issuer*) of the Terms and Conditions and regardless of any other grounds on the basis of which Mercedes-Benz South Africa Limited or the company or the companies which may have been substituted for the same pursuant to Condition 8 (*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.

So long as any of the Notes issued under the 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 hereby undertakes to the Noteholders not to provide any security upon its assets for other notes or bonds, including any guarantee or indemnity assumed therefor, without at the same time

obengenannten Programm ausstehen, jedoch nur bis zu dem 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 Schuldverschreibungen 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 Bürgerliches Gesetzbuch (*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 Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1926/001225/06) (**RMB**), die diese Garantie annimmt, handelt nicht als Treuhänderin oder in ähnlicher Eigenschaft für die Schuldverschreibungsgläubiger.

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

Wenn der Emittent und die Schuldverschreibungsgläubiger nach Schuldverschreibungsbedingung Condition 20 (*Amendment of these Terms and Conditions*) eine Änderung der Schuldverschreibungsbedingungen vereinbaren wollen (*geänderte Schuldverschreibungsbedingungen*), übernimmt Daimler AG die unwiderrufliche und unbedingte Garantie für die Zahlung aller fälligen Beträge gemäß den geänderten Schuldverschreibungsbedingungen.

Die Rechte und Pflichten aus dieser Garantie bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland und sollen ausschließlich danach ausgelegt werden. Erfüllungsort und

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.

Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1926/001225/06), a public company with limited liability and registered bank duly incorporated in accordance with the company and banking laws of South Africa (**RMB**) which accepts this guarantee, does not act in fiduciary or similar capacity for the Noteholders.

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

In case the Issuer and the Noteholders agree to amend the conditions in accordance with the provisions of Condition 20 (*Amendment of these Terms and Conditions*) of the Terms and Conditions, Daimler AG unconditionally and irrevocably guarantees the payment of all amounts due in accordance with such amended Terms and Conditions.

The rights and obligations arising from this Guarantee shall in all respects be governed by, and shall be exclusively constructed in accordance with the laws of the Federal Republic of Germany. Place of performance and place of jurisdiction shall be Frankfurt am Main, Germany.

This Guarantee is written in the German language and attached hereto is a non-binding English language translation.

Gerichtsstand ist Frankfurt am Main,  
Deutschland.

Diese Garantie ist in deutscher Sprache  
abgefasst und ihr ist eine unverbindliche  
englische Übersetzung beigelegt.

Stuttgart, \*\*\*\*\*  
Daimler AG

Stuttgart, \*\*\*\*\*  
Daimler AG

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**Peter Zirwes**

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**Peter Zirwes**

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**Wolkmar Lorenz**

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**Wolkmar Lorenz**

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

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

Johannesburg, den \*\*\*\*\*

Johannesburg, \*\*\*\*\*

Rand Merchant Bank, a division of FirstRand  
Bank Limited

Rand Merchant Bank, a division of FirstRand  
Bank Limited

(registration number 1926/001225/06)

(registration number 1926/001225/06)

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## **RISK FACTORS RELATED TO MERCEDES-BENZ SOUTH AFRICA LIMITED AND DAIMLER AG**

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*This section serves as description of the risk factors related to the Issuer and Guarantor.*

### **Risk Factors relating to the Issuer and Guarantor**

The Issuer is a wholly-owned subsidiary of the Guarantor. The Issuer's payment obligations on the Notes in respect of payment of principal and interest are irrevocably and unconditionally guaranteed by the Guarantor. Accordingly, the Notes are affected, in particular, by the same risk factors as those that affect the business and operations of the Guarantor and/or its consolidated subsidiaries.

Therefore, references in this section to Daimler AG (**DAG**) and/or its consolidated subsidiaries shall include reference to the Issuer.

Many factors could affect DAG's business, financial condition, cash flows and results of operations. DAG is subject to various risks resulting from changing economic, political, social, industry, business and financial conditions. The principal risks are described below.

### **Industry and Business Risks**

#### *Economic risks*

Overall economic conditions have a significant influence on automobile sales markets, and their development is one of the Group's major risks.

Economic risks are linked to assumptions and forecasts. Overall, economic risks for the business environment have tended to become rather more serious and the opportunities for an improvement of the world economy have declined. This is primarily a reflection of more serious political risks (in particular in connection with the Greece crisis, a potential escalation of the situation between Russia and the Western nations and tension in the Middle East).

In the United States, the newly arising debate of reaching the federal debt ceiling and the possibility of temporary closures of government offices could lead to unforeseen economic effects. Another factor is the uncertainty about the future monetary policy of the US central bank. The development of the US economy will be decisively impacted by how the planned exit from the expansive monetary policy is further managed and whether investors and consumers boost the rate of growth. This expected change in monetary policy could lead to unforeseen effects, particularly on investment. After a long phase of very low interest rates, an increase in interest rates could have a profound effect on economic recovery and slow down the pace of growth. This would also affect the housing market and its recovery, along with other sectors. Although the US Federal Reserve could attempt to counteract any negative impact through its monetary policy, it has little room to manoeuvre here, which means the effectiveness of such possible measures would be limited. Such an event would have significant consequences because the Daimler Group (and especially the Mercedes-Benz Cars and Daimler Trucks divisions) generates a considerable volume of its unit sales in the United States, and diminished growth could also spread to other regions.

If there is no continuation of the required consolidation of state budgets and reform efforts in the countries of the European Monetary Union (**EMU**), this could cause renewed turmoil in the financial markets, leading to increasing refinancing costs through rising capital-market interest rates, and thus jeopardizing the already fragile economic recovery. Further effects could be triggered by the debate about a possible exit of Greece from the EMU. Such an event could trigger the risk of contagion for other member states. This could lead to greater volatility in the financial markets. There is a high degree of uncertainty about the ongoing developments in Greece. Above all, the dangers for the financial markets from the Greece crisis represent a considerable risk for the economic development of the euro zone. For Daimler, the risks of a potential exit of Greece from the euro zone are primarily the general economic effects and increased volatility in the financial markets. In particular, those economies that depend on the inflow of capital because of foreign-trade imbalances remain sensitive to exchange-rate volatilities and growth slowdowns. The extremely low rate of inflation harbors an additional risk in that a long-lasting and broad-based fall in prices would constitute a considerable threat to the economic recovery of the EMU and make it even more difficult for the debt-ridden countries in the euro zone to refinance their remaining debt. Although the threat of deflation seems to have receded recently, if this danger returns, the negative effects on domestic demand could be significant. The European market continues to be very important for Daimler across all divisions; for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions, it is in fact still the biggest sales

market. In connection with the very expansive monetary policy of the European Central Bank, there is growing concern about the extent to which this monetary policy has increased the danger of speculative bubbles on stock and bond markets. Greater turbulence in the financial markets would then have direct effects on the economic outlook.

In Japan, the second stage of the value-added tax hike from 8% to 10%, which had been planned for October 2015 — a significant risk to growth in Japan — was postponed at the end of 2014 with the announcement that the tax increase was to be postponed until 2017. Apart from that, the failure of the country's expansive monetary and fiscal policy and the lack of structural reforms could trigger a growth slowdown in Japan, although this should be regarded as only a regionally limited risk. A slowdown of growth could lead to lower demand for cars and trucks, which in turn could negatively affect the Mercedes-Benz Cars and Daimler Trucks divisions, for which Japan is an important sales market.

Due to the significant growth of the country's importance in recent years, an economic slump in China would present a considerable risk for the world economy. The extremely high level of debt in the economy as a whole and the high level of investment in the construction industry have considerably increased the risk of an abrupt adjustment in the real estate market or a banking-sector crisis. Considerable anxiety exists about a possible "hard landing" of the Chinese economy and the then inevitable negative consequences for the global economy. Furthermore, the impact of the volatility of stock markets in China also represents a risk for the Chinese economy. China is now a key sales market for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions in particular, which means any disruptions caused by the above-mentioned risks could result in lower-than-planned growth in unit sales.

Another risk is to be seen in the economic weakness in major emerging markets. There were disappointing developments already during 2013 and 2014, especially in major economies such as India, Russia and Brazil, although other countries such as Indonesia and Turkey also developed below their possibilities. There is also concern about the susceptibility of those economies that depend on the inflow of capital due to external trade deficits. There is a danger not only of massive exchange-rate volatilities, but also of growth slowdowns. Turkey can also be subject to economic weakness triggered by current high account deficit and political instability. In addition, there have been military and civilian hostilities in both directions across the Syrian-Turkish border. The political and military tensions between Syria and Turkey have not yet normalized and may escalate in the future. A combination of weak growth and high interest rates increases the risk of a rising number of defaults, especially in view of the substantial expansion of credit in some cases over the past few years. As Daimler is already very active in these countries or their markets play a strategic role, such a scenario represents a risk.

The conflict between Russia and Ukraine has led to an additional risk for the development of the world economy since 2014. This risk has increased macroeconomic uncertainty and had a negative effect on the business climate and consumer confidence. An escalation of the crisis and the resulting tightening of sanctions and counter-sanctions would have a massive negative impact on the economy in Europe especially, whereby the exact scope of this effect is very difficult to predict. It is conceivable that such an escalation would negatively impact oil prices through a higher risk premium, and it would also dampen the mood, and demand, in markets that depend on oil. Furthermore, the consequences of a possible debt default by Russia or of failure to service due debts cannot be predicted.

The considerable tension in the Middle East is a significant source of political risk. The conflict in Syria, which has heated up as a result of the offensive of the "Islamic State" ("IS"), is threatening the stability of the region, especially in neighbouring Iraq. Although most Iraqi oil production facilities are located in regions not controlled by IS, concerns still remain that Iraqi oil deliveries could be interrupted or that the armed conflict in Syria could spill over into other areas. An abrupt increase in oil prices brought about by an attack on oil refineries could endanger the recovery in fragile European economies or in the United States, and could also negatively affect emerging markets that depend on oil imports. The effect on the world's stock markets would also be noticeable, and this could undermine investment and consumer confidence on a broad scale.

Moreover, a too-rapid rise in interest rates in the United States would not only negatively affect the US economy but could also lead to a renewed sell-off on stock markets in particularly sensitive emerging markets. The tapering of bond purchases by the US Federal Reserve already triggered unrest in the financial markets in 2014. Long-term interest rates increased and there were capital

outflows and currency devaluations in the emerging markets. In some countries, this also resulted in additional inflationary pressure, which, in combination with a more restrictive interest policy, reduced the potential for growth. If a possible decrease of liquidity in the United States in 2015 leads to more substantial effects, this could significantly reduce GDP growth through the chain of cause and effect described above, especially in the emerging markets. Increased volatility in the financial markets would also dampen investor and consumer confidence, with an impact on the global economy. In addition, tensions resulting from exchange rate volatility and possible exchange rate manipulations carried out to preserve global competitiveness could lead to an increase in protectionist measures and a type of "devaluation race". This would put a substantial strain on world trade and threaten future growth.

#### *Location and country-specific risks*

In conducting business around the world, Daimler is subject to risks that are inherent in operating in other countries and is therefore exposed to material location and country-specific risks.

In general, operations in emerging markets involve a greater risk resulting from economic and political systems that typically are less developed, and likely to be less stable, than those of more advanced countries. Daimler is therefore exposed to a number of factors, over which the Group has little to no control and which may adversely affect the Group's business activities. These factors include, but are not limited to, the following: political, social, economic, financial or market-related instability or volatility; foreign currency control regulations and other regulations or the negative impacts related to foreign exchange rate volatility restrictions on capital transfers; absence of independent and experienced judiciary and inability to enforce contracts; reimbursement rates and services covered by government reimbursement programs; trade restrictions and restrictions on repatriation of earnings.

The realisation of any of these risks could have a material adverse effect on Daimler's business, cash flows, financial condition and results of operations.

#### *General market risks*

The risks for the development of automotive markets are strongly affected by the situation of the global economy as described above.

The assessment of market risks is connected with assumptions and forecasts about the overall development of markets in the various regions. The danger of worsening market developments or changed market conditions, especially due to the macroeconomic environment and political or economic uncertainties, generally exists for all divisions of the Daimler Group. The only differences between the divisions have to do with their varying regional focus of activities.

Some dealers and vehicle importers are in a difficult financial situation. As a result, supporting actions may become necessary, whereby such actions would negatively impact the profitability, cash flows and financial position of the automotive segments.

In addition to these issues affecting all segments, segment-specific risks also exist. In the Mercedes-Benz Cars and Daimler Trucks divisions, these include increasing competitive and price pressure. A change within the framework of a product's lifecycle bears the risk of a negative volume effect in relation to the anticipated sales volumes. In addition, aggressive pricing policies, the introduction of new products by competitors and price pressure related to the aftersales business could make it impossible to enforce targeted prices. To a lesser extent, the same also applies to sales volumes at the divisions Mercedes-Benz Vans and Daimler Buses. Depending on the magnitude of regional unit sales, various measures taken in weaker markets may affect Daimler's projected earnings.

Further risks at Mercedes-Benz Cars relate to the development of the used-car market. As part of the established residual-value management process, certain assumptions are made on the local and corporate levels regarding the expected level of prices, on which basis the cars returned in the leasing business are valued. If general market developments lead to a negative deviation from the assumptions, there is a risk of lower residual values of used cars.

As the target achievement of the Daimler Financial Services division is closely connected with the development of business in the automotive divisions, the existing volume risks are also reflected in the Daimler Financial Services segment.



### *Risks relating to the leasing and sales-financing business*

In connection with the sale of vehicles, Daimler also offers its customers a wide range of financing possibilities — primarily leasing and financing the Group's products. The resulting risks for the Daimler Financial Services segment are mainly due to borrowers' worsening creditworthiness, so that receivables might not be recoverable in whole or in part due to customers' insolvency (default risk or credit risk). Other risks connected with the leasing and sales-financing business involve the possibility of increased refinancing costs due to potential changes in interest rates. An adjustment of credit conditions for customers in the leasing and sales-financing business due to higher refinancing costs could reduce the new business and contract volume of Daimler Financial Services, also reducing the unit sales of the automotive divisions. Risks could also arise from a lack of matching maturities with the refinancing.

### *Procurement market risks*

Procurement market risks arise for the automotive divisions in particular from fluctuations in prices of raw materials. There are also minor risks that result from dependency on certain materials and capacity bottlenecks caused by supplier delivery failures.

During 2014, raw material prices developed in a varied manner and were marked by a high level of volatility. Due to almost completely unchanged macroeconomic conditions, Daimler expects price fluctuations with uncertain and uneven trends in the near future. Raw-material markets are strongly impacted by political crises and uncertainties — combined with possible supply bottlenecks — as well as by a volatile demand for specific raw materials. Vehicle manufacturers are generally limited in their ability to pass on the higher costs of commodities and other materials in higher prices for their products because of the strong competitive pressure in the international automotive markets. A drastic increase in raw material prices would at least temporarily result in a considerable reduction in economic growth.

### *Risks related to the legal and political framework*

The risks from the legal and political framework also have a considerable impact on Daimler's future business success and have tended to become greater during the course of the year 2015. Regulations concerning vehicles' emissions, fuel consumption and safety play a particularly important role. Complying with these varied and often diverging regulations all over the world requires strenuous efforts on the part of the automotive industry. Daimler expects to expend an even larger proportion of the research and development budget in the future to ensure the fulfillment of these regulations.

Many countries have already implemented stricter regulations to reduce vehicles' emissions and fuel consumption, or are now doing so. A stricter regulatory environment seems likely especially in the area of emission standards.

The Mercedes-Benz Cars segment faces risks in China in particular, as the Chinese authorities have defined fleet average fuel consumption as of 2015 of 6.9 liters per 100 kilometers (approximately 160 g CO<sub>2</sub>/km) as the industry's target for new cars. The legislative process for addressing the period 2016 – 2020 has not yet been concluded. Failure to meet the fleet target could prevent new vehicles from being registered in the country. For the year 2020, the current five-year plan stipulates a new, very demanding target of 5.0 l/100 km (approximately 117 g CO<sub>2</sub>/km). Discussions on the final version of the target are now being conducted as part of the final phase of the legislative process.

Regulations concerning the CO<sub>2</sub> emissions of new cars are also quite demanding in the European Union. For 2015, all new cars in Europe will have to meet a fleet CO<sub>2</sub> average of 129 g CO<sub>2</sub>/km following a transition period. The relevant limit for Daimler depends on the portfolio of cars it sells in the European Union and is derived from vehicle weight. For 2020, new cars in the European Union will have to meet a fleet CO<sub>2</sub> average of 95 g CO<sub>2</sub>/km. The new regulation will apply to 100% of the fleet in 2021 following a one-year transition period. Daimler will have to pay penalties if it exceeds its limits. The planned elimination of the NEDC (New European Driving Cycle) and its replacement with the WLTP (Worldwide Harmonized Light Vehicles Test Procedures) is also creating uncertainty, as there has been no final decision on introduction dates, the conditions associated with the new test cycle, or the continuation of the fleet targets. According to present knowledge, the WLTP will make it difficult to achieve CO<sub>2</sub> targets beginning in 2020.

In Germany, considerations are being made to change the taxation of company cars in order to make taxation dependent on vehicle emissions. This could cause fleet customers to switch over to smaller and more fuel-efficient cars.

Legislation in the United States on greenhouse gases and fuel consumption stipulates that new car fleets in the United States may only emit an average of 163 g CO<sub>2</sub>/mile as of 2025 (approximately 100 g CO<sub>2</sub>/km). These new regulations will require an average annual reduction in CO<sub>2</sub> emissions as of 2017 amounting to 5% for cars and 3.5% in the beginning for SUVs and pickups (this rather lower rate applies until 2022). This will impact the German premium manufacturers and thus also the Mercedes-Benz Cars division harder than the US manufacturers, for example. As a result of strong demand for large, powerful engines in the United States as well as Canada, financial penalties cannot be ruled out.

Similar legislation exists or is being prepared in many other countries, for example in Japan, South Korea, India, Canada, Switzerland, Mexico, Saudi Arabia, Brazil and Australia.

Daimler gives these targets due consideration in its product planning. The increasingly ambitious targets require significant shares of plug-in hybrids or cars with other types of electric drive. The market success of these drive systems is greatly influenced by regional market conditions, for example the battery-charging infrastructure and state support. But as market conditions cannot be predicted with certainty, a residual risk exists.

Pursuant to EU Directive 2006/40/EC, since January 1, 2011, vehicles only receive a type approval if their air-conditioning units are filled with a refrigerant that meets certain criteria with regard to climate friendliness. The directive calls for an introductory period until December 31, 2016 for such refrigerants to be used in all new vehicles. Mercedes-Benz Cars had originally planned to use the refrigerant R1234yf in its new vehicle models as early as possible and therefore did not intend to make use of this transitional period. However, due to the safety risks identified by Mercedes-Benz Cars in the summer of 2012, Daimler is not using the new refrigerant R1234yf in its vehicles at the moment and has started with the development of safe alternatives.

Strict regulations for the reduction of vehicles' emissions and fuel consumption also create potential risks for the Daimler Trucks division. For example, legislation was passed in Japan in 2006 and in the United States in 2011 for the reduction of greenhouse-gas emissions and fuel consumption by heavy-duty commercial vehicles. In China, legislation has been drafted which is likely to affect exports to that country and require additional expenditure as of 2015. The European Commission is currently working on methods for measuring the CO<sub>2</sub> emissions of heavy-duty commercial vehicles that will probably have to be applied as of 2017. Daimler has to assume that the statutory limits will be very difficult to meet in some countries. Very demanding regulations for CO<sub>2</sub> emissions are also planned, or else have been approved for light commercial vehicles. This will present a long-term challenge for Mercedes-Benz Vans especially, because the division primarily serves the segment of N1 vehicles. The European fleet of N1 vehicles may not emit an average of more than 175 g CO<sub>2</sub>/km as of 2017 and not more than 147 g CO<sub>2</sub>/km as of 2020; penalty payments may otherwise be imposed.

In addition to emission, consumption and safety regulations, traffic-policy restrictions for the reduction of traffic jams, noise and pollution are becoming increasingly important in cities and urban areas of the European Union and other regions of the world. Drastic measures are increasingly being taken, such as general vehicle-registration restrictions like those in Beijing, Guangzhou or Shanghai. These can have a dampening effect on the development of unit sales, especially in the growth markets. Pressure to reduce personal transport is also being applied in European cities through increasing measures, such as restrictions on vehicles in inner cities, congestion charges and other types of road-use fees.

The biggest challenge in the coming years will be to offer an appropriate range of drive systems and the right product portfolio in each market, while fulfilling customer's wishes, internal financial targets and statutory requirements.

The position of the Daimler Group in key foreign markets could also be affected by an increase in bilateral free-trade agreements, at least to the extent to which the European Union fails to reach similar agreements with the markets in question.

Furthermore, the danger exists that individual countries will attempt to defend their competitiveness in the world's markets by resorting to interventionist and protectionist actions. Particularly in China and the markets of developing countries and emerging economies, Daimler is increasingly faced with

tendencies to limit imports or at least reduce the rate of growth of imports, and to attract direct foreign investment by means of appropriate industrial policies. Furthermore, a tendency of tightening the regulatory environment in general and in particular with regard to competition law is to be observed.

### **Company-specific Risks**

#### *Production and technology risks*

Key success factors for achieving the desired level of prices for the products of the Daimler Group, and hence for the achievement of the corporate goals, are the brand image, design and quality of the products — and thus their acceptance by customers — as well as technical features based on innovative research and development. Convincing solutions, which for example promote accident-free driving or further improve Daimler's vehicles' fuel consumption and emissions (e.g. diesel-hybrid or electric vehicles), are of key importance for safe and sustainable mobility. Due to growing technical complexity, continually rising requirements in terms of emissions, fuel consumption and safety, and the Daimler Group's goal of meeting and steadily raising its quality standards, product manufacturing in the various automotive divisions is subject to production and technology risks.

The demanding combination of requirements, complexity and quality can lead to higher advance expenditure and thus also to an adverse impact on the automotive segment's profitability. One of the associated risks is that development expenditure cannot later flow directly into the end product if the solution is not ideally usable for the customer or proves not to be marketable.

In addition, the launch of new products is generally connected with high investment and can lead to a short-term decline in production volume during the initial production phase. In order to achieve a very high level of quality, which is one of the key factors for a customer's decision to buy a product of the Daimler Group, it is necessary to make investments in new products and technologies that sometimes exceed the originally planned scope. This cost overrun would then reduce the anticipated earnings from the launch of a new model series or product generation. These automotive segments are affected, which are currently launching new products or that are planning to do so, in some cases in conformance with specific regional conditions.

In principle, there is also a danger that due to problems with or the failure of production equipment or a production plant, it might not be possible to maintain the planned level of production, and that would consequently generate costs. Such risks mainly exist for the Mercedes-Benz Cars division.

Product components also have to be available at the right time. Bottlenecks could also be caused by interruptions in the supply chain.

Warranty and goodwill claims can arise when the quality of the products does not meet customers' expectations, when a regulation is not fully complied with, or when support is not provided in the required form in connection with product problems and product care.

#### *Information technology risks*

Information technology plays a crucial role for the Daimler Group's business processes. Storing and exchanging data in a timely, complete and correct manner is of key importance for a global group such as the Daimler Group. Appropriately secure IT systems and a reliable IT infrastructure must be used in order to protect information. Risks are the interruption of business processes due to the failure of IT systems or the loss or corruption of data. Daimler cannot rule out the possibility that IT disturbances will arise and have a negative impact on the Group's business processes.

#### *Personnel risks*

Daimler's success is highly dependent on employees and their expertise.

Competition for highly qualified staff and management is still very intense in the industry and the regions in which Daimler operates. The future success of the Daimler Group also depends on the magnitude to which it succeeds over the long term in recruiting, integrating and retaining executives, engineers and other specialists. Because of demographic developments, the Group has to cope with changes relating to an aging workforce and has to secure a sufficient number of qualified young persons with the potential to become the next generation of highly skilled specialists and executives. There is no segment-specific assessment of the human resources risk because the described risks are not related to any specific business segment but are valid for all segments. If this risk materializes, depending on the size of the personnel shortage, an impact on the Group's activities

and thus also on the earnings of the Daimler Group is to be expected. Collective bargaining negotiations could also have an impact on the earnings of the Daimler Group.

#### *Risks related to equity interests and joint ventures*

Cooperation with partners in associated companies, joint ventures, joint operations and other types of partnerships is of central importance for Daimler. Along with ensuring better access to growth markets and new technologies, equity interests and joint ventures help Daimler exploit synergies and improve cost structures and thus enable it to successfully respond to competitive pressures in the automotive industry.

Daimler generally bears a proportionate share of the risks of its equity interests. The possible risks include negative financial developments and delays in the set-up of development and production structures in equity interests and joint ventures, all of which can negatively impact the achievement of growth targets in the affected segments. Risks exist in connection with equity interests in the segments Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans.

The development of production capacities and the acquisition of equity interests in the Chinese market are particularly exposed to risks due to the uncertain nature of market development in China. Furthermore, dependencies between contracting parties and possible changes to political and legal conditions in China must be included in the local decision-making processes. In view of the tense situation in Russia and Ukraine, the Group is also paying closer attention to affected equity interests and joint ventures in those countries.

#### **Financial Risks**

Daimler is generally exposed to risks from changes in market prices such as currency exchange rates, interest rates, commodity prices and share prices. Market-price changes can have a negative influence on the Group's profitability, cash flows and financial position.

In addition, the Group is exposed to credit and country-related risks.

#### *Exchange rate risks*

The Daimler Group's global orientation implies that its business operations and financial transactions are connected with risks of foreign exchange rates against the euro, especially for the US dollar and other currencies such as currencies of growth markets. An exchange rate risk arises in business operations primarily when revenue is generated in a currency different from that of the related costs (transaction risk). This applies in particular to the Mercedes-Benz Cars division, as a major portion of its revenue is generated in foreign currencies, while most of its production costs are incurred in euros. The Daimler Trucks division is also exposed to such transaction risks, but to a lesser degree because of its worldwide production network. Exchange rate risks also exist in connection with the translation into euros of the net assets, revenues and expenses of the companies of the Group outside the euro zone (translation risk); these risks are not generally hedged.

#### *Interest rate risks*

Daimler employs a variety of interest rate sensitive financial instruments to manage the cash requirements of its business operations on a day-to-day basis. Most of these financial instruments are held in connection with the financial services business of Daimler Financial Services, whose policy is generally to perform a term-congruent refinancing. However, to a limited extent, the funding does not match in terms of maturities and interest rates, which gives rise to the risk of changes in interest rates.

#### *Equity price risks*

As of December 31, 2014, the only shares that Daimler holds are shares that are classified as long-term investments (especially Nissan and Renault) or that are included in the consolidated financial statements using the equity method (primarily BAIC Motor and Kamaz). DAG does not include these investments in a market price risk analysis. For more information on equity risks, please see the subsection entitled "Risks related to equity interests and joint ventures".

#### *Commodity price risks*

As already described in the subsection entitled "Procurement market risks", the Group's business operations are exposed to changes in the prices of consignments and raw materials.

### *Liquidity risks*

In the normal course of business, Daimler makes use of bonds, commercial paper and securitized transactions as well as bank credits in various currencies, primarily to refinance the leasing and sales financing business. A negative development of the capital markets could increase the Group's financing costs. More expensive refinancing would also have a negative effect on the competitiveness and profitability of Daimler's financial services business if Daimler was unable to pass on the higher refinancing costs to its customers; a limitation of the financial services business would have a negative impact on the automotive business.

### *Credit risks*

The Group is exposed to credit risks which result primarily from its financial services activities and from the operations of its vehicle business. Credit risks also arise from the Group's liquid assets. Should defaults occur, this would negatively affect the Group's financial position, cash flows and profitability. The risks related to leasing and sales financing are addressed in the subsection entitled "Risks relating to the leasing and sales financing business".

### *Country risks*

Daimler is exposed to country risks that primarily result from cross-border financing for Group companies or customers, as well as from investments in subsidiaries and joint ventures. Country risks also arise from cross-border cash deposits at financial institutions.

### **Risks Relating to Pension Plans**

Daimler has pension benefit obligations, and, to a lesser degree, obligations relating to healthcare benefits, which are largely covered by plan assets. The balance of pensions obligations less plan assets constitutes the balance total or funded status of these employee benefit plans. The valuation of the pension obligations and the calculation of net pension expenses are based on certain assumptions. Even small changes in these assumptions, such as a change in the discount rate, could have a negative effect on the funded status or could lead to changes in the periodic net pension expenses. The market value of plan assets is determined to a large degree by developments in the capital markets. Unfavorable developments, especially relating to equity prices and fixed-interest securities could reduce the value of plan assets.

### **Risks from Changes in Credit Ratings**

Daimler's creditworthiness is assessed by the rating agencies Standard & Poor's Credit Market Services Europe Limited, Moody's Deutschland GmbH, Fitch Ratings Ltd. and DBRS Limited. There are risks in connection with potential downgrades to credit ratings by these rating agencies which could have a negative impact on the Group's financing if such a downgrade leads to an increase in the costs for external financing or otherwise restrict the Group's ability to obtain financing. A credit rating downgrade could also damage Daimler's reputation or discourage investment in DAG. A risk to the credit rating of Daimler could also arise if the earnings and cash flows anticipated from the Group's, as applicable, growth are not realized.

### **Risks from Guarantees and Legal Risks**

The Group remains exposed to risks from guarantees and legal risks. Provisions are recognized for those risks if and to the extent that they are likely to be utilized and the amounts of the obligations can be reasonably estimated.

### *Risks from guarantees*

The issue of guarantees results in liability risks for the Group. For example, Daimler holds an equity interest in the system for recording and charging tolls for the use of highways in Germany by commercial vehicles. The operation of the electronic toll-collection system is the responsibility of the operator company, Toll Collect GmbH, in which Daimler holds a 45% stake and which is included in the consolidated financial statements using the equity method of accounting. In addition to Daimler's membership of the Toll Collect consortium and its equity interest in Toll Collect GmbH, risks also arise from guarantees that Daimler has assumed with the other partners in the Toll Collect consortium (Deutsche Telekom AG and Cofiroute S.A.) supporting obligations of Toll Collect GmbH toward the Federal Republic of Germany in connection with the toll system and a call option of the Federal Republic of Germany. Claims could be made under those guarantees if toll revenue is lost for technical reasons, if certain contractually defined performance parameters are not fulfilled, if

additional claims are made by the Federal Republic of Germany, if the final operating permit is not granted, if Toll Collect GmbH fails to meet contractual obligations, if it fails to have the required equipment available, or if the Federal Republic of Germany takes over Toll Collect GmbH. The maximum loss risk for the Group from these risks can be substantial.

#### *Legal risks*

Various legal proceedings, claims and government investigations (legal proceedings) are pending against DAG and its subsidiaries on a wide range of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights, warranty claims, environmental matters, legal proceedings relating to competition law and shareholder litigation. Product-related litigation involves claims alleging faults in vehicles, some of which have been made as class actions.

Adverse decisions in one or more of these proceedings could require Daimler to pay substantial compensatory and punitive damages or undertake service actions, recall campaigns or other costly actions. Some of these proceedings may have an impact on the Group's reputation. It is possible, as these proceedings are connected with a large degree of uncertainty, that after the final resolution of litigation, some of the provisions Daimler has recognized for legal proceedings could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

The final result of any such litigation may influence the Group's earnings and cash flows in any particular period.

#### **Other Risks**

In addition to the risk categories described above, unpredictable events, such as natural disasters or terrorist attacks, are possible, and these can disturb production and business processes. This could adversely affect consumer confidence and could cause production interruptions due to supplier problems and intensified security measures at national borders. In this context, Daimler also considers as risks earthquakes (especially in Asia), weather-related damage and political instability in sales regions. Other smaller risks relate to project and process risks as well as the implementation of organizational changes and possible resource shortages.

In addition to the risks described above, there are risks that affect the reputation of the Daimler Group as a whole. Public interest is focused on Daimler's position with regard to issues such as ethics and sustainability. Furthermore, customers and capital markets are interested in how the Group reacts to the technological challenges of the future and how Daimler succeeds in offering up-to-date and technologically leading products in the markets.

Further information on the risks which affect the business and operations of Daimler can be found in the annual consolidated financial statements of the Guarantor which have been incorporated by reference into this Programme Memorandum.

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## DESCRIPTION OF MERCEDES-BENZ SOUTH AFRICA LIMITED

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*This section serves as a brief description of Mercedes-Benz South Africa Limited (the **Issuer**). Further information is available on the Issuer's website at [www.mercedes-benzsa.co.za](http://www.mercedes-benzsa.co.za).*

### 1. LEGAL STATUS

Mercedes-Benz South Africa Limited (the **Issuer** or the **Company**) is a public company with limited liability duly incorporated in accordance with the company laws of South Africa. The Issuer was incorporated on 31 January 1962.

The financial year end of the Issuer is 31 December.

The annual audited financial statements of the Issuer have been drawn up in accordance with IFRS and the Companies Act.

Registration number: 1962/000271/06

### 2. COMPANY SECRETARY

The company secretary and the address of the company secretary of the Issuer is:

Anne-Marie Barclay

123 Wierda Road R576/M10 West, Zwartkop, Centurion, 0046

### 3. MANAGEMENT AND THE BOARD

#### Board of Directors

#### Executive Directors

1. Mr. Arno Maree van der Merwe (Chief Executive Officer)
2. Mr. Florian Jörn Seidler (Co-Chief Executive Officer)
3. Mr. Herbert Werner (Chief Financial Officer)
3. Mr. Jacobus Johannes van Zyl
4. Mr. Johann Francois Lewis Evertse

#### Independent Non-Executive Directors

1. Dr. Joachim Schmidt (Independent) (Chairman of the Board of Directors)
2. Ms. Nazmeera Moola (Independent)
3. Ms. Cheryl Ann Carolus (Independent)
4. Mr. Johann Sutton Nel (Independent)
5. Mr. Naran Maharajh (Independent)
6. Mr. Ola Kaellenius (Non-Exec)
6. Mr. Ulrich Bastert (Non-Exec)
7. Mr. Markus Schaefer (Non-Exec)
8. Dr. Till Henrik Conrad (Non-Exec)

The Board is assisted by the following specialist committees:

#### Board Committees

##### Audit and Risk Committee

1. Ms. Nazmeera Moola
2. Mr Johann Sutton Nel
3. Mr. Naran Maharajh

##### Social and Ethics Committee

1. Ms. Cheryl Ann Carolus

2. Mr. Johann Francois Lewis Evertse
3. Mr. A M Van Der Merwe (Chief Executive Officer)

#### **Group Executive Committee**

1. Mr. Arno Meree van der Merwe (Chief Executive Officer)
2. Mr. Johann Francois Lewis Evertse
3. Mr. Jacobus Johannes van Zyl
4. Mr. Florian Jörn Seidler
5. Mr. Herbert Werner
6. Mr. Mayur Bhana
7. Ms. Nicolette Lambrechts
8. Mr. Franz Gustav Ersan Koller

### **4. CORPORATE GOVERNANCE AND REGULATORY ENVIRONMENT**

#### **4.1 Board of Directors**

The board is responsible for corporate governance and has two main functions: first, it is responsible for determining the company's strategic direction and, consequently, its ultimate performance; and second, it is responsible for the *control* of the company. The board requires management to execute strategic decisions effectively and according to laws and the legitimate interests and expectations of stakeholders.

#### **4.2 Role and purpose of the board**

The role and purpose of the board is to oversee and provide strategic guidance to the business.

#### **4.3 Board Committees**

##### **Audit and Risk Committee**

An audit committee of a company has the following duties:

- (a) To nominate, for appointment as auditor of the company under section 90 of the Companies Act, a registered auditor who, in the opinion of the audit committee, is independent of the company;
- (b) to determine the fees to be paid to the auditor and the auditor's terms of engagement;
- (c) to ensure that the appointment of the auditor complies with the provisions of this Act and any other legislation relating to the appointment of auditors;
- (d) to determine, subject to the provisions of the Companies Act, the nature and extent of any non-audit services that the auditor may provide to the company, or that the auditor must not provide to the company, or a related company;
- (e) to pre-approve any proposed agreement with the auditor for the provision of non-audit services to the company;
- (f) to prepare a report, to be included in the annual financial statements for that financial year—
  - i) describing how the audit committee carried out its functions;
  - ii) stating whether the audit committee is satisfied that the auditor was independent of the company; and
  - iii) commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the company;
- (g) to receive and deal appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, relating to—



- i) the accounting practices and internal audit of the company;
- ii) the content or auditing of the company's financial statements;
- iii) the internal financial controls of the company; or
- iv) any related matter;
- h) to make submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting; and
- i) to perform such other oversight functions as may be determined by the board.

### **Social and Ethics Committee**

#### *Social and Ethics responsibilities*

A social and ethics committee has the following functions:

- (a) To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to-
  - i) social and economic development, including the company's standing in terms of the goals and purposes of-
    - aa) the 10 principles set out in the United Nations Global Compact Principles; and
    - bb) the OECD recommendations regarding corruption;
    - cc) the Employment Equity Act; and
    - dd) the Broad-Based Black Economic Empowerment Act;
  - ii) good corporate citizenship, including the company's-
    - aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - cc) record of sponsorship, donations and charitable giving;
  - iii) the environment, health and public safety, including the impact of the company's activities and of its products or services;
  - iv) consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
  - v) labour and employment, including-
    - aa) the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
    - bb) the company's employment relationships, and its contribution toward the educational development of its employees;
- (b) to draw matters within its mandate to the attention of the Board as occasion requires; and
- (c) to report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

#### **4.4 Company Secretary Responsibilities:**

- 1) A company's secretary is accountable to the company's board.
- 2) A company secretary's duties include, but are not restricted to—
- (a) providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers;

- (b) making the directors aware of any law relevant to or affecting the company;
- (c) reporting to the company's board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the company or the Act;
- (d) ensuring that minutes of all shareholders meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with the Act;
- (e) certifying in the company's annual financial statements whether the company has filed required returns and notices in terms of the Act, and whether all such returns and notices appear to be true, correct and up to date;
- (f) ensuring that a copy of the company's annual financial statements is sent, in accordance with the Act, to every person who is entitled to it; and
- (g) carrying out the functions of a person designated in terms of section 33(3) of the Companies Act.

#### 4.5 External Audit

The external auditors of the Issuer are, at present, KPMG Incorporated.

#### 4.6 Code of Corporate Practices and Conduct set out in King III (King III)

Daimler AG (**DAG**) is listed on the stock exchanges of Frankfurt and Stuttgart. The Issuer is 100% owned by DAG. As such, the Issuer follows international best practice and DAG guidelines. These guidelines include comprehensive policies dealing with –

- (a) upholding Human Rights compliance with applicable laws and internal regulations;
- (b) appropriate behaviour within the Daimler Group and in dealings with Government officials, business partners and customers. DAG is the parent company within the Daimler Group;
- (c) dealing with conflict of interest;
- (d) prevention of all forms of corruption;
- (e) protection of company assets; and
- (f) principles of social responsibility.

The Board endorses the code of corporate practices and conduct as set out in the King III report and confirms that the Issuer is compliant with the provisions thereof, save for the following:

1. the Chairman is a non-executive, but he is not independent as recommended by King III. The Board is of the opinion that Dr. Joachim Schmidt's appointment is in the best interests of the Company and that this outweighs the advantages of appointing an independent non-executive chairman. The Company has however, appointed a lead independent director in terms of the JSE Listings Requirements;
2. as per the JSE's Guidance letter to the company secretary, MBSA is not required to prepare an integrated report;
3. the assurance activities and reporting are implemented at a group level and are therefore part of the greater international Daimler AG framework;
4. King III requires that the Company's Sustainability Report be audited by an independent external professional. Sustainability reporting is implemented and reported on at a group level as this is a material issue for Daimler AG and strict adherence to international standards is a requirement.

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## DESCRIPTION OF DAIMLER AG

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*This section serves as a brief description of Daimler AG (the **Guarantor**). Further information is available on the Guarantor's website at <http://www.daimler.com/investor-relations/en>.*

### 1. INTRODUCTION

Daimler AG (**DAG** or **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, 70327 Stuttgart, Federal Republic of Germany, telephone +49 (0)711-17-0.

It was incorporated on May 6, 1998 under the name DaimlerChrysler AG. On October 19, 2007, following the transfer of a majority interest in Chrysler, it changed its corporate name from DaimlerChrysler AG into Daimler AG.

### 2. ORGANISATIONAL STRUCTURE

DAG is the parent company within the Daimler Group, which includes DAG and its consolidated subsidiaries (the **Daimler Group**).

### 3. GENERAL OBJECT OF DAG

Pursuant to article 2 of DAG's articles of incorporation (Satzung; the **Articles of Incorporation**) the general object of DAG is to engage, directly or indirectly, in the business of developing, producing and selling products and providing services, especially in the following lines of business:

- land vehicles,
- watercraft, aircraft, spacecraft and other products in the fields of road transport, aerospace and marine technology,
- engines and other propulsion systems,
- electronic equipment, devices and systems,
- communication and information technology,
- financial services of all kinds, insurance brokerage, and
- management and development of real property.

DAG may take all actions and measures which are incidental to the accomplishment of the company's purposes.

DAG may set up domestic and foreign branches, offices and subsidiaries and may acquire interests in other companies. DAG may acquire and dispose of other companies, may place them under joint management and conclude intercompany agreements with them, or may limit itself to the management of its interests in such companies. DAG may place all or part of its business operations into subsidiaries, joint ventures or associated companies.

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

### 4. PRINCIPAL ACTIVITIES

The Daimler Group is a vehicle manufacturer with a wide product range of automobiles, trucks, vans and buses. The product portfolio is completed by a range of tailored automotive and financial services.

The products supplied by the **Mercedes-Benz Cars** division range from the high-quality small cars and innovative e-bikes of the Smart brand to the premium automobiles of the Mercedes-Benz brand. The most important markets for Mercedes-Benz Cars in 2014 were Germany with 16% of unit sales, the other markets of Western Europe (23%), the United States (20%) and China (17%).

**Daimler Trucks** develops and produces vehicles in a global network under the brands Mercedes-Benz, Freightliner, Western Star, Fuso and BharatBenz. Daimler Trucks' product range includes light, medium and heavy trucks for local and long-distance deliveries and construction sites, as well as special vehicles for municipal applications. Daimler Trucks' most important sales markets in 2014 were Asia with 34% of unit sales, the NAFTA region (33%), Western Europe (12%) and Latin America (excluding Mexico) (9%).

The product range of the **Mercedes-Benz Vans** in the segment of medium and large vans comprises the Sprinter, Vito, Viano and Citan series. In 2014, Daimler introduced the new V-Class, which is a new multi-purpose vehicle (MPV). The most important markets for vans are in Western Europe, which accounts for 65% of unit sales. In the United States, the Sprinter is sold not only as a Mercedes-Benz van, but also under the Freightliner brand.

The **Daimler Buses** division with its brands Mercedes-Benz and Setra is a manufacturer in the segment of buses above 8 tons. The product range supplied by Daimler Buses comprises city and intercity buses, coaches and bus chassis. In 2014, 23% of Daimler Buses' revenue was generated in Western Europe and 53% in Latin America (excluding Mexico).

The **Daimler Financial Services** division supports the sales of the Group's automotive brands in 40 countries. Its product portfolio primarily comprises tailored financing and leasing packages for customers and dealers, but it also provides services such as insurance, fleet management, investment products, credit cards, as well as car sharing and other mobility services. The main areas of the division's activities are in Western Europe and North America, and increasingly also in Asia. In 2014, more than 40% of the vehicles sold by the Group were financed or leased by Daimler Financial Services.

Daimler is active in the global automotive industry and related sectors through a broad network of subsidiaries, holdings, and partnerships.

## 5. ADMINISTRATION AND MANAGEMENT

### *The Board of Management*

The board of management of DAG (the **Board of Management**), which acts under the principle of collective responsibility, manages the day-to-day-business in accordance with the Stock Corporation Act and DAG's Articles of Incorporation. The Board of Management is authorized to represent DAG 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 DAG / Head of Mercedes-Benz Cars
- **Dr. Wolfgang Bernhard**, Daimler Trucks and Buses
- **Dr. Christine Hohmann-Dennhardt**, Integrity and Legal Affairs
- **Ola Källenius**, Mercedes-Benz Cars Marketing & Sales
- **Wilfried Porth**, Human Resources & Labor Relations Director & Mercedes-Benz Vans
- **Hubertus Troska**, Greater China
- **Bodo Uebber**, Finance & Controlling / Daimler Financial Services
- **Prof. 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 DAG.

### *The Supervisory Board*

The principal function of the supervisory board of DAG (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. However, in accordance with the German Stock Corporation Act (*Aktiengesetz*; the **Stock Corporation Act**), DAG's Supervisory Board has

determined that several matters which do not belong to the ordinary course of business and which are of fundamental importance require the approval of the Supervisory Board.

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

- **Dr. Manfred Bischoff**, Munich, Chairman of the Supervisory Board of DAG
- **Michael Brecht\***, Gaggenau, Chairman of the General Works Council, Daimler Group and DAG; Deputy Chairman of the Supervisory Board of DAG, Chairman of the Works Council, Gaggenau Plant, DAG
- **Dr. Paul Achleitner**, Munich, Chairman of the Supervisory Board of Deutsche Bank Aktiengesellschaft
- **Sari Baldauf**, Helsinki, Former Executive Vice President and General Manager of the Networks Business Group of Nokia Corporation
- **Michael Bettag\***, Nürnberg, Chairman of the Works Council of the Nürnberg Dealership
- **Dr. Clemens Börsig**, Frankfurt am Main, Chairman of the Board of Directors of Deutsche Bank Foundation
- **Dr. Ing. Bernd Bohr**, Stuttgart, Former Member of the Management Board of Robert Bosch GmbH
- **Dr. Jürgen Hambrecht**, Ludwigshafen, Chairman of the Supervisory Board of BASF SE
- **Petraea Heynike**, Vevey, Former Executive Vice President of the Executive Board of Nestlé SA
- **Roman Zitzelsberger\***, Stuttgart, German Metalworkers' Union (IG Metall), District Manager Baden-Württemberg
- **Andrea Jung**, New York, President and Chief Executive Officer of Grameen America, Inc.
- **Joe Kaeser**, Munich, Chairman of the Board of Management of Siemens AG
- **Ergun Lümali\***, Sindelfingen, Deputy Chairman of the General Works Council, Daimler Group and DAG; Chairman of the Works Council, Sindelfingen Plant, DAG
- **Dr. Sabine Maaßen\***, Frankfurt am Main, General Counsel of the German Metalworkers' Union (IG Metall)
- **Wolfgang Nieke\***, Stuttgart, Chairman of the Works Council, Untertürkheim Plant, DAG
- **Dr. Ing. e.h. Dipl.-Ing. Bernd Pischetsrieder**, Munich, Chairman of the Supervisory Board of the Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München
- **Valter Sanches\***, São Paulo, Director of Communications of the Metalworkers' Union ABC; President of the Fundação Sociedade Comunicação, Cultura e Trabalho (Foundation Society of Communications, Culture and Work)
- **Jörg Spies\***, Stuttgart, Chairman of the Works Council, Headquarters, DAG
- **Dr. Frank Weber\***, Sindelfingen, Director of the Press Shop, Sindelfingen Plant, DAG, Chairman of the Management Representatives of the Sindelfingen Plant, DAG
- **Elke Tönjes-Werner\***, Bremen, Deputy Chairwoman of the Works Council Bremen Plant, DAG.

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\* Representative of the employees

6. **STATUTORY AUDITORS**

Independent auditors of DAG are at present KPMG AG Wirtschaftsprüfungsgesellschaft, Theodor-Heuss-Straße 5, 70174 Stuttgart, Federal Republic of Germany.

7. **FINANCIAL INFORMATION CONCERNING DAIMLER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES**

The published audited consolidated annual financial statements and notes thereto, of DAG for its three financial years prior to the date of any issue are incorporated by reference into this Programme Memorandum.

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## **SETTLEMENT, CLEARING AND TRANSFER OF NOTES**

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

### **Notes listed on the Interest Rate Market of the JSE and/or held in the CSD**

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE in uncertificated form will be held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

### **Clearing systems**

Each Tranche of Notes listed on the Interest Rate Market of the JSE will be issued, cleared and settled in accordance with the Applicable Procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

The CSD has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Subject as aforesaid each Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions, and will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

### **Participants**

The CSD maintains accounts only for Participants. As at the Programme Date, the Participants which are approved by the JSE, in terms of the listing requirements of the JSE, as Settlement Agents to perform electronic settlement of funds and scrip are Citibank N.A. South Africa Branch; FirstRand Bank Limited; Nedbank Limited; Standard Chartered Bank, Johannesburg Branch; Société Générale, Johannesburg Branch; The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear, as operator of the Euroclear System, and Clearstream will settle offshore transfers in the Notes through their Participants.

### **Settlement and clearing**

Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the South African Reserve Bank.

While a Tranche of Notes is held in the CSD, the relevant Participants will be named in the Register as the Noteholders of the Notes in that Tranche in accordance with the Applicable Procedures. Notwithstanding this, all amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.

In relation to each Person shown in the records of the CSD, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the Nominal Amount of such Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. The CSD will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or held in uncertificated form will be made to the CSD which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the Persons reflected in the records of the CSD, as the holders of Beneficial Interests in Notes shall look solely to the CSD, for such Person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the CSD.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or held in uncertificated form will be recorded by the CSD, distinguishing between interest and principal, and such record of payments by the CSD shall be *prima facie* proof of such payments.

### ***Transfers and exchanges***

Subject to the Applicable Laws, title to Beneficial Interest held by clients of Participants indirectly through such Participants will be freely transferable and pass on transfer thereof by electronic book entry in the securities accounts maintained by such Participants for such clients. Subject to the Applicable Laws, title to Beneficial Interests held by Participants directly through the CSD will be freely transferable and pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 15.2 (*Transfer of Notes represented by Individual Certificates*).

### ***Records of payments, trust and voting***

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record 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 Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

### ***BESA Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of the Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

### ***Notes listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE***

Each Tranche of Notes which is listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Financial Exchange. The settlement and redemption procedures for a Tranche of Notes which is listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.



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## SUBSCRIPTION AND SALE

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*Capitalised terms used in this section headed "Subscription and Sale" 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 are clearly inappropriate from the context.*

The Dealer has in terms of the programme agreement dated 21 December 2015, as may be amended, supplemented or restated from time to time (the **Programme Agreement**), agreed with the Issuer a basis upon which it may from time to time agree to subscribe for Notes or procure the subscription of the Notes.

### **Selling restrictions**

#### **South Africa**

The Notes may not 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 other than in South Africa.

Each Dealer has (or will have) represented, warranted and agreed that it (i) will not offer Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the Companies Act, Banks Act, Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not make an "offer to the public" (as such expression is defined in the Companies Act, and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa. This Programme Memorandum does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

*Offers not deemed to be offers to the public*

Offers for subscription for, or sale of, Notes are not deemed to be offers to the public if:

- (a) made only to certain investors contemplated in section 96(1)(a) of the Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, is equal to or greater than ZAR1,000,000, or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the Companies Act.

Information made available in this Programme Memorandum should not be considered as "advice" as defined in the Financial Advisory and Intermediary Services Act, 2002.

#### **United States**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state in the United States of America and the Notes may not be offered or sold or transferred within the United States or to, or for the account or benefit of, U.S. Persons (as defined in the Regulation S of the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act;
- (b) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) Days after completion of the distribution, as determined and certified by the Dealer(s) or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all

Notes of the Series of which that Tranche of Notes is a part, within the United States or to, or for the account or benefit of, U.S. Persons;

- (c) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. Persons; and
- (d) it, its Affiliates and any Persons acting on its or any of its Affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes in that Tranche and it, its Affiliates and any Persons acting on its or any of its Affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Until 40 (forty) Days after the commencement of the offering of a Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

#### **General**

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in South Africa and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in South Africa; and
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealer(s) represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in South Africa.

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## **SOUTH AFRICAN TAXATION**

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

*The comments below are intended as a general guide to the relevant tax laws of South Africa as at the Programme Date. The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.*

### **Securities Transfer Tax**

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 (the **STT Act**) because the Notes do not constitute "securities" as defined in the STT Act. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Notes will be for the account of holders of the Notes.

### **Value-Added Tax**

No value-added tax (**VAT**) is payable on the issue or transfer of the Notes. The issue, sale or transfer of the Notes constitute "*financial services*" as defined in section 2 of the Value-Added Tax Act, 1991 (the **VAT Act**). In terms of section 2 of the VAT Act, the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security as well as the buying and selling of derivatives constitute a financial service, which is exempt from VAT in terms of section 12(a) of the VAT Act.

However, commissions, fees or similar charges raised for the facilitation of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes that constitute "*debt securities*" as defined in section 2(2)(iii) of the VAT Act will be subject to VAT at the standard rate (currently 14 percent), except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(l) of the VAT Act.

### **Income Tax**

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the South African Income Tax Act, 1962 (the **Income Tax Act**)) is subject to income tax on his/her worldwide income. Accordingly, all holders of Notes who are residents of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). Interest income is derived from a South African source if it is incurred by a South African tax resident (unless it is attributable to a foreign permanent establishment of that resident) or if it is derived from the utilisation or application in South Africa by any Person of any funds or credit obtained in terms of any form of "*interest-bearing arrangement*". The Notes will constitute an "*interest-bearing arrangement*". The Issuer is tax resident in South Africa as at the Programme Date, accordingly, unless the Notes are attributable to a permanent establishment of the Issuer outside of South Africa, the interest paid to the Noteholders will be from a South African source and subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 10(1)(h) of the Income Tax Act (which is effective for all amounts of interest that accrue or is paid on or after 1 January 2015), any amount of interest which is received or accrued (during any year of assessment) by or to any Person that is not a resident of South Africa is exempt from income tax, unless:

- (a) that Person is a natural Person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the interest is received or accrued by or to that Person; or

- (b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, an exemption from or reduction of any South African tax liability may be available under an applicable double taxation agreement. Furthermore, certain entities may be exempt from income tax. Investors are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

In terms of section 24J of the Income Tax Act, broadly speaking, any discount or premium to the principal amount of a Note is treated as part of the interest income on the Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Note or until maturity unless an election has been made by the Noteholder, which is a company, if the Noteholder is entitled under Section 24J(9) of the Income Tax Act to make such election, to treat its Notes as trading stock on a mark-to-market basis. This day-to-day basis accrual is determined by calculating the yield to maturity (as defined in Section 24J of the Income Tax Act) and applying this rate to the capital involved for the relevant tax period. The premium or discount is treated as interest for the purposes of the exemption under section 10(1)(h) of the Income Tax Act. With effect from 1 January 2014, the section 24J(9) election is no longer available and with effect from that date, section 24JB will deal with the fair value taxation of financial instruments for certain types of taxpayers.

The tax treatment of notes where the issuer has no obligation to make interest and/or capital payments, the proceeds of which qualify as primary share capital may differ from the section 24J treatment noted above.

To the extent the disposal of the Note gives rise to a gain or a loss, the normal principles are to be applied in determining whether such gain or loss should be subject to income tax in terms of the Income Tax Act.

### **Capital Gains Tax**

Capital gains and losses of residents of South Africa 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 Income Tax Act will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the Income Tax 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.

In terms of section 24J of the Income Tax Act, an adjusted loss on transfer or redemption will, to the extent that it has previously been included in the taxable income of the holder, be allowed as a deduction from the taxable income of the holder when it is incurred during the year of assessment in which the transfer or redemption takes place, and accordingly will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in a liability to capital gains tax.

### **Withholding Tax**

A final withholding tax on interest which will be levied at the rate of 15% on interest payments made from a South African source to foreign persons (i.e. non-residents). The legislation introducing withholding tax contains certain exemptions (including an exemption for listed debt). South Africa is a party to double taxation treaties that may provide full or partial relief from withholding tax, provided that certain requirements are met.

The available exemptions apply in respect of the instrument giving rise to the interest, to the foreign person receiving the interest, or to the person liable for the interest (i.e. the Issuer). Regarding the exemptions applicable in respect of the instrument, an amount of interest is exempt if it is paid to a foreign person in terms of "listed debt", being debt listed on a "recognised exchange", as defined in terms of paragraph 1 of the Eighth Schedule to the Income Tax Act. The Notes may be listed on a

recognised exchange. Thus, to the extent that the Notes remain listed on that exchange (and to the extent that that exchange remains a recognised exchange), any interest paid to a foreign person in respect of the Notes will be exempt from the withholding tax on interest. If the Notes are not listed on a recognised exchange, then the interest paid to a foreign person will not be exempt from the withholding tax on interest unless another exemption is applicable.

Regarding the exemptions applicable in respect of the foreign person receiving the interest, an amount of interest is exempt if–

- (a) that foreign person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve month period preceding the date on which the interest is paid;
- (b) the debt claim in respect of which that interest is paid is effectively connected with a permanent establishment of that foreign person in South Africa, if that foreign person is registered as a taxpayer in terms of Chapter 3 of the Tax Administration Act, 2011; and
- (c) the foreign person submits a declaration confirming their exemption to the person liable for the payment of the interest before payment of the interest is made.

If a foreign person does not qualify for the above exemption, then any interest paid to that foreign person will not be exempt from the withholding tax on interest unless another exemption is applicable.

Regarding the exemptions applicable in respect of the person liable for the interest, none of these will be applicable in respect of the Issuer. Thus, if the exemptions in respect of listed debt and foreign persons above are not applicable, then any interest paid to a foreign person will not be exempt from the withholding tax.

#### **Definition of Interest**

The references to “*interest*” above mean “*interest*” as understood in South African tax law. The statements above do not take account of any different definitions of “*interest*” or “*principal*” which may prevail under any other law or which may be created by the Terms and Conditions or any related documentation.

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## **SOUTH AFRICAN EXCHANGE CONTROL**

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Capitalised terms used in this section headed "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 are clearly inappropriate from the context.

The information below is intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The Exchange Control Regulations are subject to change at any time without notice. The contents of this section headed "South African Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

### **Non-South African resident Noteholders and emigrants from the Common Monetary Area**

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the Applicable Terms and Conditions may be subject to the Exchange Control Regulations.

#### **Blocked Rands**

Blocked Rands may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with 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.

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

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "*non-resident*". Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the CSD, the securities account maintained for such emigrant by the relevant Participant will be designated as a "*blocked share account*".

Any payments of principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder's Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

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

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, the securities account maintained for such Noteholder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident's nominated or authorised dealer in foreign exchange 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 and provided that the relevant Individual Certificate has been endorsed "*non-resident*" or the relevant securities account has been designated as a "*non-resident*" account, as the case may be.

The Issuer does not intend to issue Notes outside of South Africa and therefore is not required to obtain exchange control approval.

For purposes of this section, **Common Monetary Area** means South Africa, Lesotho, Namibia, and Swaziland.

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## **GENERAL INFORMATION**

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*Capitalised terms used in this section headed "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 are clearly inappropriate from the context.*

### **Authorisation**

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa as at the Programme Date have been given for the amendment and restatement of the Programme and the issue of Notes and for the Issuer and Guarantor to undertake and perform their respective obligations under the Programme Memorandum and the Notes.

### **Listing**

The Programme Memorandum was approved by the JSE on or about 21 December 2015. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any other Financial Exchange. Unlisted Notes may also be issued under the Programme Memorandum.

### **Documents Available**

So long as the Notes are capable of being issued under the Programme, copies of the documents incorporated under the section headed "*Documents Incorporated by Reference*" will, when published, be available at the registered office of the Issuer as set out at the end of this Programme Memorandum. This Programme Memorandum, any supplement and/or amendment hereto, the Applicable Pricing Supplements relating to any issue of listed Notes and the published audited annual financial statements of the Issuer will also be available on the Issuer's website at [www.mercedes-benzsa.co.za](http://www.mercedes-benzsa.co.za), and this Programme Memorandum, any supplement and/or amendment hereto and the Applicable Pricing Supplements relating to any issue of listed Notes will be available on the JSE's website [www.jse.co.za](http://www.jse.co.za).

### **Material Change**

As at the Programme Date, and after due and careful inquiry, there has been no material change in the financial or trading position of the Issuer, its subsidiaries and the Guarantor since the date of the Issuer's and the Guarantor's respective latest audited financial statements. As at the Programme Date, there has been no involvement by KPMG Incorporated in making the aforementioned statement.

### **Litigation**

Save as discussed herein or in the documents incorporated by reference, neither the Issuer nor the Guarantor have been involved in any governmental, legal or arbitration proceedings as at the date of this Programme Memorandum, which are likely to have or have had in recent past, significant effects on the Issuer's and/or the Guarantor's financial position or profitability.

### **Auditor**

KPMG Incorporated has acted as the auditor of the financial statements of the Issuer and Guarantor for the financial periods ended 28 December 2012, 2013 and 2014 and in respect of those periods, have issued unmodified audit reports.

**ISSUER**

**MERCEDES-BENZ SOUTH AFRICA LIMITED**

(Registration number 1962/000271/06)

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Pretoria, 0157  
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PO Box 1717  
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South Africa  
Contact: Ms M Hafner

**GUARANTOR**

**DAIMLER AG**

(Registration number HRB 19360)

Registered Office:  
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Federal Republic of Germany  
096-0255  
70546 Stuttgart  
Federal Republic of Germany  
Contact: Mr P Zirwes

**ARRANGER AND JSE DEBT SPONSOR**

**RAND MERCHANT BANK,  
a division of FIRSTRAND BANK LIMITED**

(Registration number 1929/001225/06)

1 Merchant Place  
Cnr Fredman Drive and Rivonia Road  
Sandton  
Johannesburg, 2196  
South Africa  
P O Box 786273  
Sandton, 2146  
South Africa  
Contact: Mr D Wood

**CALCULATION AGENT AND PAYING AGENT**

**RAND MERCHANT BANK,  
a division of FIRSTRAND BANK LIMITED**

(Registration number 1929/001225/06)

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Sandton, 2146  
South Africa  
Contact: Mr D Wood

**TRANSFER AGENT**

**COMPUTERSHARE INVESTOR SERVICES  
PROPRIETARY LIMITED**

(Registration number 2004/003647/07)

70 Marshall Street  
Johannesburg, 2001  
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P O Box 61051  
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Johannesburg, 2107  
South Africa  
Contact Mr C Lourens



**LEGAL ADVISORS TO THE ISSUER, ARRANGER AND DEALER**

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South Africa  
Contact: Mr C van Heerden

**AUDITORS TO THE ISSUER AND GUARANTOR**

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