

Strategy

The Board, on the advice and recommendation of the executive committee, is responsible to the shareholders and other stakeholders for setting the strategic direction of the Company.

Company secretary

The company secretary provides the Board as a whole and directors individually with guidance on the discharge of their responsibilities. The company secretary is also a central source of information and advice to the Board and within the Company on matters of ethics and good corporate governance. Appointment and removal of the company secretary are matters for the Board as a whole.

The company secretary ensures that, in accordance with the pertinent laws, the proceedings and affairs of the Board and its members are properly administered.

All directors have access to the advice and services of the company secretary relative to the affairs of the Company and their roles and responsibilities.

6. BOARD COMMITTEES

The Board has seven committees which have been established to assist the Board in discharging its responsibilities. These committees listed hereunder play an important role in enhancing good corporate governance, improving internal controls and, thus, the performance of the Company:

- Executive committee
- Audit committee
- General purposes committee
- Nomination committee
- Empowerment and transformation committee
- Remuneration committee
- Risk and sustainability committee

Each board committee acts according to their written terms of reference approved by the Board. The committees are subject to evaluation by the Board in regard to performance and effectiveness.

Chairmen of the board committees and the lead client service partner of the external auditors of the Company are required to attend annual general meetings to answer any questions raised by shareholders.

Executive committee

The executive committee (executive) comprises 12 members including six executive directors. Currently the committee comprises: C B Thomson, P J Blackbeard, P J Bulterman, K Kweyama, M Laubscher, S Mngomezulu, V Salzmann, D Sewela, O I Shongwe, P Stuver, P M Surgey and D G Wilson.

The Board has delegated a wide range of matters relating to the Company's management to the executive, including:

- financial, strategic, operational, governance, risk and functional issues;
- formulation of the Group strategy and policy;
- alignment of the Group initiatives.

Audit Committee

The audit committee comprises A G K Hamilton (*chairman*), M J Levett and S S Ntsaluba. All members of the committee are independent, non-executive directors.

The committee evaluates the independence, effectiveness and performance of the external auditors and considers any non-audit services rendered by those auditors, including satisfying themselves as to the validity of the non-audit services and defining any limits in this regard.

The Board places strong emphasis on maintaining appropriate systems of internal control. The audit committee assists the Board in its deliberations regarding the Company's continuing viability as a going concern.

The chairman of the committee reports to the Board on the activities and recommendations made by the committee.

The finance director, head of internal audit and the external audit partner attend all meetings.

The independence and objectivity of the auditors is regularly considered by the committee.

General purposes committee

The general purposes committee comprises Messrs D B Ntsebeza (*chairman*), A G K Hamilton, M J Levett, S B Pfeiffer and C B Thomson. The chief executive officer is currently the only executive member of the committee.

The committee's role is to consider issues of significance to the Company. It advises the Board on matters having local and international political, economic and social implications regarding the affairs and business of the Company. The committee ensures that material matters such as acquisitions and disposals, which require the attention of the Board, are timeously submitted for consideration.

Nomination committee

The nomination committee comprises Messrs D B Ntsebeza (*chairman*), S A M Baqwa, A G K Hamilton, M J Levett, S B Pfeiffer and Ms S S Mkhabela.

The committee makes recommendations to the Board on the composition of the Board and the balance between executive, non-executive and independent directors. Skill, experience and diversity are taken into account in this process.

The committee is responsible for identifying and nominating candidates for the approval of the Board as additional directors or to fill any Board vacancies when they arise. It also advises the Board on succession planning, particularly in respect of the chairman of the Board and chief executive officer. Proposals for renewing the Board's composition are proactively managed by the committee to ensure that timely changes take place.

Empowerment and transformation committee

The empowerment and transformation committee comprises Mr P M Surgey (*chairman*) and four independent non-executive directors, namely Messrs S A M Baqwa, M J Levett, D B Ntsebeza and Ms S S Mkhabela.

The committee evaluated and recommended the proposed black ownership initiative to the Board. The committee also oversees the implementation of the principles of transformation beyond the equity transaction in the divisions and broader matters relating to the creation of a framework that will enable advancement of previously disadvantaged South Africans at the workplace and the formation of partnerships for the development of communities in which the Company operates. The group executive responsible for transformation attends all meetings of the committee.

Remuneration committee

The remuneration committee consists exclusively of independent directors and comprises Messrs S B Pfeiffer (*chairman*), A G K Hamilton, M J Levett and D B Ntsebeza.

The committee makes recommendations to the Board on the structure and development of policy on executive and senior management remuneration, taking into account market conditions. It determines the criteria necessary to measure the performance of the executive directors in discharging their functions and responsibilities. It determines specific remuneration packages for the chief executive and executive directors of the Company, including basic salary, benefits in kind, any annual bonuses, performance-based incentives, share-based incentives, pensions and other benefits.

It also makes recommendations to the Board in respect of fees to be paid to each independent non-executive director for their services as a member of the Board or on a board sub-committee. Once these fees have been adopted by the Board, they are submitted to the shareholders in a general meeting for approval prior to implementation and payment.

Risk and sustainability committee

The management of risk and sustainability issues is inherently an operational function. Accordingly, the risk and sustainability committee comprises the chief executive officer, other executive directors of the Company and divisional chief executive officers. The group risk services manager attends all meetings of the committee.

The chairman of the committee is an executive director and is required to report to the Board on the recommendations made by the committee. The current chairman of the committee is Mr D G Wilson. Each member of the committee has one vote.

The committee assists the Board in recognising all material risks and sustainability issues to which the Group is exposed and ensuring that the requisite risk management culture, practices, policies and systems are progressively implemented and functioning effectively.

These include, among others, business continuity management, occupational health and safety, environmental management and ethical commercial behaviour.

7. INSIDER TRADING

No employee, his/her nominee or members of their immediate family may deal either directly or indirectly, at any time, in the securities of the Company on the basis of unpublished price-sensitive information regarding the Company's business or affairs. No director or officer may deal in the securities of the Company during the embargo period determined by the Board in terms of a formal policy implemented by the company secretary. Periods of embargo are from the end of the interim and annual reporting periods to 24 hours after the announcement of financial and operating results for the respective periods. A list of persons who are restricted for this purpose has been approved by the Board and is revised from time to time. A register of directors and officers is available for inspection at the Company's registered office in Sandton, South Africa.

8. ETHICS

Barloworld is committed to the highest ethical and legal standards and expects all its stakeholders to act in accordance with the highest levels of personal and professional integrity in all aspects of their occupation and activity, and to comply with all applicable laws, regulations and policies of the Company.

Barloworld's commitment is stated in its Code of Ethics. We have a policy of zero tolerance on bribery and corruption. The Company has developed measures to combat fraud with the intention to promote the established culture of high personal standards within which all business dealings are conducted.

Barloworld's Code of Ethics has the following elements:

- Obey the law;
- Respect others;
- Be fair;
- Be honest; and
- Protect the environment.

The Company maintains an ethics hotline where employees and other stakeholders can report non-compliance with Company policies and fraud. All incidents reported are investigated and, where appropriate, action is taken.

9. RELATIONSHIPS WITH SHAREHOLDERS

The Company is a strong believer in transparency, best practice disclosure, consistency of communication and equal and timely dissemination of information to its shareholders. It encourages an active participation of shareholders at general meetings and maintains an investor relations programme which, inter alia, organises for corporate and divisional executives to attend regular meetings with shareholders and potential investors.

The Company has regular dialogue with institutional shareholders, where it believes this to be in the interests of shareholders generally.

10. SHAREHOLDER PROFILES

Shareholding of the Company as at 25 July 2008:

Beneficial shareholders holding 3% or more	Number of shares	%
Public Investment Corporation	31 539 286	15.42
Liberty Life Association of Africa	6 367 094	3.11
Old Mutual Life Insurance	5 730 673	2.80
Sanlam Insurance (ZA)	5 605 124	2.74
Simlend Mack Account (ZA)	4 303 038	2.10
Fund managers holding 5% or more		
Sanlam Investment Management	21 626 533	10.57
Public Investment Corporation	19 781 690	9.67
Investec Asset Management	17 856 585	8.73
Old Mutual Asset Managers	14 210 344	6.94
STANLIB Asset Management	13 884 987	6.79

11. BARLOWORLD GROUP TOP RISKS

As per 2007 Annual Report:

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE
<p>Acquisition underperformance</p> <p>The risk of future net cash flows from acquisitions failing to realise the projections upon which the initial purchase consideration was based may lead to value destruction for shareholders and a need to impair the related goodwill or assets.</p>	<p>Acquisition risk</p> <ul style="list-style-type: none"> • A business acquisition policy and procedure is in place that sets out a structured approach and framework to be used when acquisitions are being made. This includes a pre-acquisition phase that includes the requirement to conduct a comprehensive strategic analysis of intended targets, development of acquisition criteria, both strategic and financial, and quantification of risk adjusted value creation potential for the respective business unit and the group. • The CEOs and CFOs of each business unit are responsible for ensuring that the policy and procedures are adhered to. • Following acquisitions, planning and task teams are established to focus on the realisation of possible synergies.
<p>Competitor actions</p> <p>The risk that competitors will take individual actions, through pricing or other activities, that will erode our competitive position and have a significant impact on the value we create for shareholders.</p>	<p>Competitor risk</p> <ul style="list-style-type: none"> • Continually reduce costs by focusing on operational efficiencies and staff training. • Continually improve service and the provision of innovative solutions to customers.
<p>Currency volatility</p> <p>Movement of currencies against one another, mainly the movement of other currencies against the rand which creates risks relative to the translation of non-rand profits, the marking-to-market of financial instruments taken out to hedge currency exposures and the cost of imports into South Africa.</p>	<p>Financial risk</p> <ul style="list-style-type: none"> • The responsibility for monitoring and managing these risks is that of line management. A group treasury policy is in place which clearly sets out the philosophy of hedging, guideline parameters within which to operate and, permissible financial instruments. • Preventative measures are implemented around determination of pricing mechanisms and structuring of commercial contracts to negate the impact of any adverse currency fluctuations.

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE
<p>Defined-benefit scheme exposure</p> <p>The key risk for the United Kingdom's two defined-benefit schemes is a downward movement in the yield on AA-rated corporate bonds against which the liabilities are valued. In addition, market volatility and increased life expectancy of members may have an adverse impact on the schemes' funding positions requiring additional company contributions over and above the schemes' current normal contribution rates. The current combined deficits for the two defined-benefit schemes in the United Kingdom amounts to £48.5 million, which has been based on conservative assumptions including updated mortality statistics.</p>	<p>Market risk</p> <ul style="list-style-type: none"> • Suitably qualified representative boards of trustees exist which, together with separate investment sub-committees, are responsible for regularly evaluating the effectiveness of investment decisions. They use professional investment advisors to assist them in the management of the investment portfolios with a view to conservatively preserving and enhancing fund valuations. Complex investment risk models are run by the investment managers and actuaries to assess optimum risk balance. The actuaries also conduct regular valuations. • Funding shortfalls are planned to be made up within sensible time frames via increased contributions, together with an adjustment to future benefits where appropriate. <p>Subsequent to the year-end, the company has committed £55 million to address the funding deficits in the United Kingdom defined-benefit schemes.</p> <ul style="list-style-type: none"> • Existing defined-benefit schemes in the United Kingdom have been closed to new members since 2002 to assist in managing future liabilities. All new employees in the United Kingdom are automatically enrolled in the United Kingdom's defined contribution scheme.
<p>Dependence on principals and suppliers</p> <p>Some of the businesses in the group are dependent on a small number of principals and/or suppliers.</p> <p>Our success is therefore linked to their ongoing financial stability and the competitiveness of their products and services.</p> <p>In order to ensure sustainable value creation, we depend on suppliers of infrastructure in the countries in which we operate. Most of our businesses are dependent, <i>inter alia</i>, on reliable power and water supply and appropriate transport networks.</p>	<p>Strategic risk</p> <ul style="list-style-type: none"> • Add value to our principals by giving constant feedback on market movements and product competitiveness. • Continually improve/build our relationship with our principals and major suppliers and ensure that we are the preferred dealer/customer. • Provide excellent customer service and lead in our markets. • Build Smart Partnerships with customers. • Enter into longer-term contracts with customers. • Build relationships with local authorities.
<p>Exposure to equipment and motor vehicle buy-backs and residual values</p> <p>Some of the group's businesses could be exposed to losses due to contractual obligations to buy back equipment or motor vehicles previously sold or rented out, at prices above market or replacement cost at the time of being compelled to repurchase. This risk could arise, <i>inter alia</i>, through inadequate valuation skills at the time, of determining the buy-back amount, poor condition of equipment and motor vehicles repurchased or significant shifts in the economic environment adversely impacting used values.</p>	<p>Financial risk</p> <ul style="list-style-type: none"> • This is managed by ensuring adequate valuation competencies, managing inventory levels, optimally structuring contracts, modelling transactions to ensure adequate economic return, continually scanning market conditions, hedging currency risks and monitoring the use and condition of equipment and motor vehicles in respect of which obligations exist.

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE
<p>Exposure to political risks, terrorism and crime in the countries in which we operate</p> <p>The Group's people and assets are spread through numerous countries around the world while our activities are conducted in many more. The possibility exists that our people and assets, and the viability of the businesses are exposed through acts of terrorism, political turmoil or crime in some of the regions in which the group operates as well as in those that may be the subject of expansion. Business growth initiatives require that new markets and territories are the focus of our business expansion. These opportunities come with their own distinct risk exposures.</p>	<p>Political Risk</p> <ul style="list-style-type: none"> • Minimise exposure in high-risk countries through thorough and in-depth risk assessments coupled with the application of preventative and corrective risk management activities. • Maintain flexible business models. • Maintain Business Continuity Plans that incorporate emergency response actions, crisis management and business recovery plans specific to the business and the respective territories in which the businesses operate.
<p>Exposure to significant customers and dependence on channels to market</p> <p>The risk that we are exposed to certain large customers and/or industries and that well-established distribution channels may change or consolidate.</p>	<p>Market risk</p> <ul style="list-style-type: none"> • Build Smart Partnerships with customers. • Develop customer solutions which dedifferentiate and expand our offering from product-based businesses. • Establish long-term contracts with key customers. • Diversify customer base.
<p>Regulatory environment</p> <p>Many of the Group's activities are governed, one way or another, by regulations. Due to the complexity and changing nature of these regulations across the industries and geographical spectrum of the Group's activities, there are challenges in staying abreast of all developments and maintaining full compliance.</p>	<p>Regulatory risk</p> <ul style="list-style-type: none"> • Management is responsible for the ongoing monitoring of all pending and actual changes to the Group's regulatory environment. Due to the large number of jurisdictions which govern the Group's activities, this monitoring occurs in each relevant country of operation. • Where feasible, the Group will comment on proposed changes to the regulatory environment that may adversely affect the group in a particular jurisdiction.
<p>Strategic employees skills</p> <p>Barloworld's key asset is the intellectual capacity and skills of its employees. This necessitates ongoing management of the challenges regarding recruitment, succession planning, skills retention and development.</p>	<p>Employee risk</p> <ul style="list-style-type: none"> • Employee Value Creation ("EVC") is the technique that Barloworld has introduced globally to align employees with the strategy of the organisation. • This process identifies and aligns all employee elements of a value-creating organisation to ensure sustainable intellectual capacity. • Through performance management systems, employees' purpose, role, function and accountabilities are defined, and using competency-based assessments, employees are regularly reviewed to ensure the appropriate skill sets are available to enable performance at optimum levels. Extensive training resources and facilities are in place to assist and encourage employees to enhance their levels of competence and performance. • An appropriate suite of reward and incentives schemes has been implemented to ensure recognition and retention of high-performing employees.

SOUTH AFRICAN TAXATION

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

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

Duties

As at the date of this Offering Circular, no duty (as contemplated in any of the Stamp Duties Act, 1968, the Uncertificated Securities Tax Act, 1998 or the Securities Transfer Tax Act, 2007) is payable on the issue, cancellation, redemption or on the transfer of the Bonds.

Interest

In general, interest received on the Bonds will be subject to income tax in South Africa under section 24J of the Income Tax Act. Certain entities which are tax resident in South Africa may be exempt from income tax and Bondholders are advised to consult their own professional advisers as to whether the interest will be exempt or not.

Any discount or premium to the nominal value at which a Bond is issued or acquired is treated as part of the interest income on the Bond under section 24J of the Income Tax Act.

Bondholders will be deemed to have accrued such interest income on a day-to-day basis until the Bondholder disposes of the Bond, or until maturity. The amount accrued in terms of this day-to-day basis is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period.

In terms of section 10(1)(h) of the Income Tax Act, interest received by or accruing to Bondholders that are not tax resident in South Africa during a year of assessment is exempt from income tax, unless that person:

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty three) days in aggregate during that year of assessment; or
- (b) at any time during that year of assessment carried on business through a permanent establishment in the Republic.

Capital Gains Tax

Capital gains and losses of residents on the disposal of Bonds 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.

In terms of 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.

Non-resident Bondholders will not be subject to Capital Gains Tax upon a disposal of any Bonds unless the Bond disposed of is attributable to a permanent establishment of that Bondholder through which a trade is carried on in South Africa during the relevant year of assessment.

SOUTH AFRICAN EXCHANGE CONTROL

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

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

Emigrant Blocked Rand

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

Emigrants from the Common Monetary Area

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

Any payments of principal due to an Emigrant Bondholder in respect of Bonds will be deposited into such Emigrant's Blocked Rand account with the Authorised Dealer controlling such Emigrant blocked assets. These amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations. Any payments of interest due to an Emigrant Bondholder in respect of Bonds are fully remittable and may be transferred abroad or deposited into such Emigrant's non-resident Rand account with the Authorised Dealer controlling such Emigrant blocked assets.

Non-residents of the Common Monetary Area

In terms of the Exchange Control Regulations, non-residents of the Common Monetary Area may not invest in the Bonds unless general approval is sought and obtained from the Authorised Dealer.

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

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

For the purposes of these paragraphs:

"Authorised Dealer" means, in relation to any transaction in respect of gold, a person authorised by the Treasury to deal in gold and, in relation to any transaction in respect of foreign exchange, a person authorised by the Treasury to deal in foreign exchange.

"Common Monetary Area" means South Africa, Lesotho, Namibia and Swaziland.

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

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

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

"non-resident" means a person (i.e. a natural person or legal entity) whose normal place of residence, domicile or registration is outside the Common Monetary Area.

"Treasury" means, in relation to any matter contemplated in the Exchange Control Regulations, the Minister of Finance or an officer in National Treasury who, by virtue of the division of work in National Treasury deals with the matter on the authority of the Minister of Finance.

PLACEMENT AND UNDERWRITING

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

The Joint Lead Managers have, pursuant to the placement and underwriting agreement dated 30 September 2008 (the "**Placement and Underwriting Agreement**") agreed to use their reasonable efforts on behalf of the Issuer to solicit offers for subscription for the Bonds. The Joint Lead Managers have also undertaken, subject to the satisfaction of certain conditions stipulated in the Placement and Underwriting Agreement, to underwrite the settlement of those Bonds subscribed for but not paid for by the subscribers on the Issue Date (as defined below). The Joint Lead Managers are entitled to terminate the Placement and Underwriting Agreement in certain circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the placing of and subscription for the Bonds.

The Bonds will be delivered to subscribers on the Issue Date through the settlement system of BESA. The Issuer and the Joint Lead Managers shall use their discretion in the allocation of the Bonds. The Joint Lead Managers may however conclude purchase and sale agreements in respect of the Bonds before the Issue Date. Such transactions will be for settlement on the Issue Date. Such transactions will be subject to the condition that the Placement and Underwriting Agreement is not terminated before the time on which such transactions are to be settled on the Issue Date. If the Placement and Underwriting Agreement is terminated before that time, all transactions in the Bonds shall also terminate and no party thereto shall have any claim against any other party as a result of such termination.

South Africa

Each of the Joint Lead Managers have represented and agreed that they will not solicit any offers for subscription for the Bonds in contravention of the Companies Act or the Banks Act, 1990. Bonds will not be offered for subscription to any single addressee for an amount of less than ZAR1,000,000.

United States of America

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

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Regulations thereunder.

Each of the Joint Lead Managers has represented and agreed that it will not offer, sell or deliver Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) days after the completion of the distribution of the Bonds, as certified to the Issuer by such Joint Lead Managers (or, in the case of the sale of Bonds to or through more than one Joint Lead Manager, by each of such Joint Lead Managers as to the Bonds purchased by or through it, in which case the Issuer shall notify each such Joint Lead Manager when all such Joint Lead Managers have so certified) with the United States or to, or for the account or benefit of, U.S. persons, and such Joint Lead Manager will have sent to each dealer to whom it sells Bonds during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 (forty) days after the commencement of the offering of Bonds, any offer or sale of such Bonds within the United States by any joint lead manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Joint Lead Managers represented, warranted and agreed that:

(a) *No deposit taking*: in relation to any Bonds having a maturity of less than 1 (one) year:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business; and
- (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons:

(aa) whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or

(bb) who, it is reasonable to expect, will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act, 2000 (the “FSMA”) by the Issuer;

- (b) *Fewer than 100 offerees*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *Other exempt offers*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to any Bonds in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each of the Joint Lead Managers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by the Prospectus to the public in that Relevant Member State except that they may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

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

For the purposes of this paragraph headed “*European Economic Area*”, the expression an “*offer of Bonds to the public*” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

Each of the Joint Lead Managers has agreed that they will (to the best of their knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it subscribes, or procures the subscription of Bonds, offers for subscription or sells the Bonds as agent on behalf of the Issuer or possesses or distributes this Offering Circular. The Joint Lead Managers have further agreed that they will obtain any consent, approval or permission required by them for the purchase, offer for subscription or sale by them, as agent on behalf of the Issuer, of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers for subscription or sales.

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

SETTLEMENT, CLEARING AND TRANSFERS

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

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

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

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

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

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

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

A Beneficial Interest will be exchangeable for an Individual Certificate if (i) a written request for Bonds in definitive form is submitted by the holder of the Beneficial Interest to the relevant Participant not later than 10 (ten) days prior to the requested date of such exchange, (ii) the Applicable Procedures for obtaining such a Certificate from the Transfer Agent are followed, and (iii) an equivalent number of Bonds are transferred in accordance with the provisions of Condition 13 from the CSD or its nominee to the holder of such Beneficial Interest.

Payments of interest and principal in respect of Bonds represented by the Global Certificate, or any other Bonds represented by a Certificate immobilised in the CSD and registered in the name of the CSD's Nominee ("**Re-Immobilised Certificate**"), will be made in accordance with Condition 9 of the Terms and Conditions to the CSD, or such other registered holder of the Global Certificate or the Re-Immobilised Certificate, as the case may be, as shown in the Register and the Issuer will be discharged by proper payment to, or to the order of the registered holder of the Certificate in respect of each amount so paid. Each of the persons shown in the records of the CSD and the Participants as the holders of Beneficial Interests, as the case may be, shall look solely to the CSD or the Participants, as the case may be, for such person's shares of such payment so made by the Issuer to, or to the order of, the registered holder of such Global Certificate or Re-Immobilised Certificate, as the case may be.

Payments of interest and principal in respect of Individual Certificates will be made to Bondholders in accordance with Condition 9 of the Terms and Conditions.

GENERAL INFORMATION

Words used in this section entitled "General Information" shall bear the same meanings as used in the section entitled "Terms and Conditions of the Bonds" above, except to the extent that they are separately defined in this section or this is 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 have been given for the issue of Bonds and for the Issuer to undertake and perform its respective obligations under the Placement and Underwriting Agreement and the Bonds.

Listing

An application has been made to list the Bonds on BESA under stock code number BAW2. The application for listing was approved on 30 September 2008.

Clearing Systems

The Bonds will have been cleared through the CSD, the approved clearing house of BESA and may be accepted for clearance through any additional clearing system as may be agreed between the Issuer and the Manager.

Settlement Agents

As at the date of this Offering Circular, the BESA-recognised Settlement Agents are the South African Reserve Bank, Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking S.A. will settle offshore transfers through South African Settlement Agents.

Litigation

No member of the Barloworld Group (whether as defendant or otherwise) is engaged in any legal, arbitration, administration or other proceedings other than those disclosed in this Offering Circular, the results of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

Going Concern and Significant Change

The directors of the Issuer have stated that, as at the date of this Offering Circular, the Issuer is a going concern and can in all circumstances be reasonably expected to be able to meet its commitments as and when they fall due.

Save as disclosed in this Offering Circular, the directors of the Issuer have represented that there has been no material adverse change in the financial position of the Issuer since the date of its audited financial statements dated 30 September 2007.

Commercial Paper Issued

As at the date of this Offering Circular, the total amount of commercial paper in issue is ZAR3,500,000,000 in terms of the Issuer's commercial paper programme.

To the best of the Issuer's knowledge and belief, the Issuer will not issue further commercial paper during the current financial year ending 30 September 2008.

Auditors

Deloitte & Touche have acted as auditors of the financial statements of the Issuer for the financial years ended 30 September 2005, 2006 and 2007 and in respect of these years, issued an unqualified audit report. Deloitte & Touche have confirmed that this issue of Bonds complies in all respects with the Commercial Paper Regulations published in the Government Notice No. 2172 (Government Gazette 16167) of 14 December 1994 under paragraph (cc) of the definition of "the business of a bank" in section 1 of the Banks Act, 1990.

ISSUER

Barloworld Limited

(Registration Number 1918/000095/06)

Registered Office:

Barloworld Corporate Office

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Sandton, 2146

South Africa

Contact: Mr J van Wyk

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Absa Towers North

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South Africa

Contact: Mr J Els

The Standard Bank of South Africa Limited

(Registration Number 1962/000738/06)

3 Simmonds Street

Johannesburg, 2001

South Africa

Contact: Mr A Costa

SPONSORING MEMBER

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Contact: Mr A Costa

TRANSFER SECRETARY

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Contact: Mr E Neethling

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Contact: Mr C van Heerden

LEGAL ADVISORS TO THE ISSUER

Bowman Gilfillan Incorporated

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PAYING AND SETTLEMENT AGENT

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Johannesburg, 2001

South Africa

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AUDITORS TO THE ISSUER

Deloitte & Touche

The Woodlands

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Woodmead

Sandton, 2196

South Africa

Contact: Mr A Waller

Two handwritten signatures are present. The first signature, on the left, appears to be 'C.A.T.' written in a stylized, cursive font. The second signature, on the right, is more fluid and cursive, likely belonging to Mr A Waller as mentioned in the text above.