



**BMW FINANCIAL SERVICES (SOUTH AFRICA) (PROPRIETARY) LIMITED**  
(Incorporated in the Republic of South Africa with limited liability under registration number 1990/004670/07)

**ZAR1,000,000,000 Senior Unsecured Floating Rate Notes due 15 June 2011 (BMWFO1)**

**ZAR900,000,000 Senior Unsecured Floating Rate Notes due 15 June 2012 (BMWFO2)**

**ZAR600,000,000 Senior Unsecured Floating Rate Notes due 15 June 2013 (BMWFO3)**

**unconditionally and irrevocably guaranteed by**

**Bayerische Motoren Werke Aktiengesellschaft**  
(Incorporated in the Federal Republic of Germany)

An aggregate amount of ZAR1,000,000,000 senior unsecured floating rate registered notes due on 15 June 2011, ZAR900,000,000 senior unsecured floating rate registered notes due on 15 June 2012 and ZAR600,000,000 senior unsecured floating rate registered notes due on 15 June 2013 (the "Notes") will be issued by BMW Financial Services (South Africa) (Proprietary) Limited (the "Issuer") subject to the terms and conditions (the "Terms and Conditions") contained in this Offering Circular.

The Issuer's obligations to the Noteholders under the Notes are guaranteed by Bayerische Motoren Werke Aktiengesellschaft (the "Guarantor" and together with the Issuer the "Obligors") on the terms and conditions of the guarantee dated 10 June 2010 (the "Guarantee"), and as described in Condition 6 of the Terms and Conditions.

Interest on the Notes will be payable quarterly in arrears on 15 September, 15 December, 15 March, and 15 June of each year, commencing on 15 June 2010. The Notes will bear interest at a floating rate per annum, as the case may be. Payments in respect of the Notes will be made without deduction for or on account of South African taxes as described in Condition 11 of the Terms and Conditions.

Unless redeemed at a prior date for taxation reasons, or purchased by the Issuer and cancelled, the Notes will mature on their respective maturity dates at their principal amount.

This Offering Circular has been approved by the Johannesburg Stock Exchange (the "JSE"). Application has been made for the Notes to be listed on the Bond Market of the JSE. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE.

The Notes have been rated by Standard & Poor's Rating Services and carry a long-term national scale rating of zaAA+.

The attention of investors contemplating investing in the Notes is drawn to the section headed "Risk Factors" for a discussion of certain factors that should be carefully considered by prospective investors in connection with an investment in the Notes.

*Arranger and Dealer*

  
**ABSA CAPITAL**

Affiliated with  **BARCLAYS  
CAPITAL**

Offering Circular dated 10 June 2010

## GENERAL

*Words 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 clearly inappropriate from the context.*

The Issuer accepts responsibility for the information contained in this Offering Circular. 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Offering Circular are honestly held and that there are no other facts, the omission of which would make this Offering Circular 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 "**Offering Circular**") and in conjunction with any other documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated into and form part of this Offering Circular.

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

No person has been authorised by any of the Obligor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the issue of Notes or any other information supplied by the Issuer in connection with the issue of Notes and, if given or made, such information or representation must not

be relied upon as having been authorised by any of the Obligors, the Arranger, the Dealer or other professional advisers.

Neither this Offering Circular nor any other information supplied in connection with the issue of Notes is intended to provide a basis for any credit or other evaluation, nor should it be considered as a recommendation by any of the Obligors, the Arranger or the Dealer that any recipient of this Offering Circular or any other information supplied in connection with the issue of Notes to 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 Offering Circular and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of any of the Obligors and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Offering Circular nor any other information supplied in connection with the issue of Notes constitutes an offer or invitation by or on behalf of any of the Obligors the Arranger, or the Dealer or to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular 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 Notes is correct at any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealer expressly do not undertake to review the financial condition or affairs of any of the Obligors. Investors should review, *inter alia*, the most recent annual audited consolidated financial statements of the BMW Group and make their own assessment when deciding whether or not to subscribe for, or purchase, any Notes.

Neither this Offering Circular nor any additional information in connection therewith, constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase any Notes. The distribution of this Offering Circular and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular or any Notes come are required by each of the Obligors, the Arranger and the Dealer to inform themselves about, and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any other offering materially relating to the Notes, see the section headed "*Subscription and Sale*".

Neither of any of the Obligors, the Arranger, the Dealer nor their professional advisers represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such

distribution or offering. In particular, no action has been taken by any of the Obligors, the Arranger, the Dealer or other professional advisers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Dealer has represented that all offers and sales by them will be made on the same terms.

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

## TABLE OF CONTENTS

| Clause number and description  | Page |
|--|------|
| DOCUMENTS INCORPORATED BY REFERENCE .....  | 6    |
| GENERAL DESCRIPTION OF THE NOTES .....   | 8    |
| SUMMARY OF THE TERMS AND CONDITIONS .....  | 9    |
| FORM OF THE NOTES .....  | 14   |
| DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS ..... | 17   |
| TERMS AND CONDITIONS OF THE NOTES .....  | 19   |
| GUARANTEE .....  | 54   |
| RISK FACTORS .....   | 56   |
| USE OF PROCEEDS .....  | 67   |
| DESCRIPTION OF ISSUER .....  | 68   |
| DESCRIPTION OF GUARANTOR .....   | 71   |
| SETTLEMENT, CLEARING AND TRANSFER OF NOTES .....   | 103  |
| SUBSCRIPTION AND SALE .....  | 106  |
| SOUTH AFRICAN TAXATION .....   | 110  |
| SOUTH AFRICAN EXCHANGE CONTROL .....   | 112  |
| GENERAL INFORMATION .....  | 114  |

---

**DOCUMENTS INCORPORATED BY REFERENCE**

---

*Words 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 clearly inappropriate from the context.*

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

- (a) all amendments and supplements to this Offering Circular prepared by the Issuer from time to time;
- (b) the Guarantee executed by the Guarantor;
- (c) in respect of the Notes, the BMW Group's audited consolidated annual financial statements, together with such statements, reports and the notes attached to or intended to be read with such financial statements of the Issuer for its three financial years prior to the date of such issue as well as for each financial year thereafter ending on 31 December;
- (d) all information pertaining to the Issuer which is relevant to the Notes and/or this Offering Circular which is electronically submitted by the Securities Exchange News Service ("SENS") established by the JSE, to SENS subscribers, if required,

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

The Issuer will provide at the registered office of the Issuer as set out at the end of this Offering Circular, without charge, to each person to whom a copy of the Offering Circular has been delivered, upon request of such person, a copy of any or all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Offering Circular. The audited consolidated annual financial statements of the BMW Group will be made available on the BMW Group's website at [www.bmwgroup.com](http://www.bmwgroup.com). This Offering Circular shall be electronically available on the JSE's website at [www.jse.co.za](http://www.jse.co.za).

The Issuer will, for so long as any Note remains outstanding and listed on the Bond Market of the JSE, publish a new Offering Circular or a supplement to this Offering Circular, as the case may be, if:

- (a) a change in the condition (financial or otherwise) of any of the Obligors has given rise to a Material Adverse Effect; or
- (b) an event has occurred which affects any matter contained in this Offering Circular, 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 Offering Circular becomes outdated in a material respect; or
- (d) this Offering Circular 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 Offering Circular or supplement to this Offering Circular, as the case may be, is required in respect of the BMW Group's annual financial statements if such annual financial statements are incorporated by reference into this Offering Circular and such annual financial statements are published, as required by the Companies Act, and submitted to the JSE within six months after the financial year end of the Issuer.

---

**GENERAL DESCRIPTION OF THE NOTES**

---

*Words used in this section headed "General Description 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 clearly inappropriate from the context.*

The Notes will be listed on the Bond Market of the JSE.

The Notes will be rated. Notes will be rated by the Rating Agency on a national scale basis. A rating of the Notes is not a recommendation to subscribe for, buy, sell or hold any Notes, and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

This Offering Circular will only apply to Notes issued under the Terms and Conditions.

A summary of the Terms and Conditions appears below.



---

## SUMMARY OF THE TERMS AND CONDITIONS

---

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular. Words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.*

|                                |  |
|--------------------------------|--|
| <b>Issuer</b>                  | BMW Financial Services (South Africa) (Proprietary) Limited (" <b>BMW Finance</b> "), incorporated in the Republic of South Africa with limited liability under registration number (1990/004670/07).                        |
| <b>Obligors</b>                | BMW Finance and BMW AG   |
| <b>Arranger</b>                | Absa Capital, a division of Absa Bank Limited (registration number 1986/004794/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa (" <b>Absa Capital</b> "). |
| <b>Dealer</b>                  | Absa Capital, and any additional Dealer appointed by the Issuer, subject to the Issuer's right to terminate the appointment of such Dealer.  |
| <b>Transfer Agent</b>          | Absa Capital, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent.   |
| <b>Paying Agent</b>            | Absa Capital, or such other entity appointed by the Issuer as Paying Agent, in which event that other entity will act as Paying Agent.   |
| <b>Calculation Agent</b>       | Absa Capital, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent.   |
| <b>Blocked Rand</b>            | Blocked Rand may be used to subscribe for, or purchase Notes, subject to the Exchange Control Regulations.   |
| <b>Clearing and Settlement</b> | Notes will be issued in uncertificated form or certificated form. Notes issued in uncertificated form will not be represented by any certificate or written instrument. Notes  |

issued in uncertificated form will be registered by the CSD, and the CSD's Nominee will be named in the Register as the registered Noteholder of the Notes. Notes held or registered in the CSD may be cleared and settled in accordance with the rules of the JSE and the CSD. The Notes held in the CSD may be accepted for clearance through the CSD, which forms part of the JSE clearing system that is managed by the CSD, and may be accepted for clearance through any additional clearing system as may be agreed between the JSE and the Issuer. As at the date of this Offering Circular, the Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. 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.

**CSD**

Strate Limited (registration number 1998/022242/06), registered as a central securities depository in terms of the Securities Services Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s) and approved by the JSE.

**Denomination**

Notes will be issued with a minimum denomination of ZAR1,000,000 (one million rand).

**Distribution**

Notes will be distributed by way of auction and on a non-syndicated basis.

**Form of Notes**

Notes will be issued in certificated form or electronically in uncertificated form as described in the section headed "*Form of the Notes*".

**Guarantee**

The Issuer's obligations under the Notes are unconditionally and irrevocably guaranteed by Bayerische Motoren Werke Aktiengesellschaft ("**BMW AG**") in accordance with the Guarantee as described in Condition 6 of the Terms and

Conditions.

**Guarantor**

BMW AG, incorporated in the Federal Republic of Germany under Seat and Court of Registration: Munich HRB 42243.

**Governing Law**

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

**Interest**

Floating rate Notes will accrue interest at a floating rate.

**Issue and Transfer Taxes**

As at the date of this Offering Circular, 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 Offering Circular headed "*South African Taxation*"). Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer of Notes will be for the account of Noteholders.

**Issue Price**

Notes will be issued on a fully paid basis and at their Nominal Amount.

**Listing**

This Offering Circular has been approved by the JSE. Notes issued hereunder will be listed on the Bond Market of the JSE.

**Maturities of Notes**

The respective Maturity Dates being 15 June 2011 (for BMWF01), 15 June 2012 (for BMWF02) and 15 June 2013 (for BMWF03).

**Negative Pledge**

The Notes will have the benefit of a negative pledge as described in Condition 7 (*Negative Pledge*) of the Terms and Conditions.

**Notes**

The Notes will be floating rate Notes. Floating rate Notes will bear interest calculated at a rate determined on the basis of a reference rate appearing on the Relevant Screen Page of a commercial quoting service;

The Margin (if any) relating to such floating rate will be

agreed between the Issuer and the relevant Dealer(s) in accordance with the Terms and Conditions.

The Interest Period for floating rate notes will be three months.

**Noteholders**

The holders of the listed registered Notes are as recorded in the Register. The CSD's Nominee will be named in the Register as the registered Noteholder of the Notes in uncertificated form or which is represented by a Global Certificate and which is listed on the Bond Market of the JSE. 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 of Notes**

The Notes have been rated by the Rating Agency. A 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.

**Redemption**

The Notes can be redeemed prior to their stated maturity, if applicable, for taxation reasons or following an Event of Default or a change in law (as the case may be) and, upon giving not less than 30 (thirty) nor more than 60 (sixty) calendar days' irrevocable notice to the Noteholders on a date or dates specified prior to such stated maturity.

**Selling Restrictions**

The distribution of this Offering Circular and any offering or sale of or subscription for Notes may be restricted in certain jurisdictions, and is restricted by law in the United States of America, the European Economic Area, the United Kingdom and South Africa (see the section of this Offering Circular headed "*Subscription and Sale*"). Persons who come into possession of this Offering Circular must inform themselves about and observe all applicable selling restrictions.

**Specified Currency**

South African Rand ("ZAR").

**Status of Guarantee**

The obligations of the Guarantor under the Guarantee will constitute unconditional and unsecured obligations of the

Guarantor.

The Guarantee and the rights and duties of the Guarantor under the Guarantee shall be governed by the law of the Federal Republic of Germany.

#### **Status of Notes**

The Notes 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 of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa unless such withholding or deduction is required by law. In the event that withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided in Condition 11 (*Taxation*), make such payments as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction. For a summary of the position in relation to issue and transfer taxes, see "*Issue and Transfer Taxes*" above.

#### **Use of Proceeds**

The Issuer will use the issue proceeds of the Notes for its general corporate purposes.

---

## FORM OF THE NOTES

---

*Words 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 clearly inappropriate from the context.*

Notes will be issued in the form of listed registered Notes.

### **Registered Notes**

Registered Notes will be issued in certificated form or in uncertificated form. Notes will be listed on the Bond Market of the JSE and will be held in the CSD in the name of, and for the account of, the CSD's Nominee.

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

Notes lodged and immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in certificated form. If applicable, such Notes will be represented by a single Global Certificate in registered form, and the CSD's Nominee will be named in the Register as the registered Noteholder of such Notes (see "*Beneficial Interests in Notes held in the CSD*" below).

Each Global Certificate will be physically deposited with and lodged in the CSD.

All certificated Notes which are not represented by a Global Certificate, will be represented by single Individual Certificates in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Title to Notes represented by Certificates will pass upon registration of transfer in accordance with Condition 14.1.2 (*Transfer of Notes represented by Certificates*) of the Terms and Conditions.

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

Payments of all amounts due and payable in respect of Notes represented by Certificates will be made in accordance with Condition 9 (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 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**

Notes may, subject to applicable laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the Securities Services Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. Notes issued in uncertificated form will be held by the CSD, and the CSD's Nominee will be named in the Register as the registered Noteholder of the Notes.

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

Notes will be listed on the Bond Market of the JSE and will either be issued in certificated form and lodged in the CSD under a Global Certificate or be issued in uncertificated form and held in the CSD. While the Notes are held in their entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes.

The CSD will hold the Notes subject to the Securities Services 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's Nominee for the holders of Beneficial Interests in such Notes.

The CSD maintains central securities accounts only for Participants. As at the date of this Offering Circular, the Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, 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 or the relevant Participant, as the case may be, 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's Nominee (as the registered Noteholder of such Notes named in the Register) 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.

Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Title to Beneficial Interests held by clients of Participants indirectly through such Participants will 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 12 (*Exchange of Beneficial Interests and Replacement of Certificates*) of the Terms and Conditions.



---

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

---

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

1. Paragraph 3(5)(a)

The ultimate borrower is the Issuer.

2. 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.

3. Paragraph 3(5)(c)

The auditor of the Issuer is KPMG.

4. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has not issued any commercial paper; and
- (ii) the Issuer estimates that it may issue ZAR2,500,000,000 of commercial paper during the current financial year, ending 31 December 2010.

5. 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 Offering Circular.

6. 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.

7. Paragraph 3(5)(g)

The Notes issued will be listed.

8. 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.

9. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured.

10. Paragraph 3(5)(j)

KPMG, the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that the issue of Notes will not comply in all respects with the provisions of the Commercial Paper Regulations.

---

## TERMS AND CONDITIONS OF THE NOTES

---

*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.*

### 1. INTERPRETATION

In these Terms and Conditions, the following expressions shall have the following meanings:

|                                |  |
|--------------------------------|--|
| <b>"Absa Capital"</b>          | Absa Capital, a division of Absa Bank Limited (registration number 1986/004794/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa;   |
| <b>"Applicable Procedures"</b> | the rules and operating procedures for the time being of the CSD and the JSE, as the case may be;  |
| <b>"Banks Act"</b>             | the Banks Act, 1990 (as amended);  |
| <b>"Beneficial Interest"</b>   | in relation to Notes held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes, as contemplated in section 41(1) of the Securities Services Act, the nominal value of which beneficial interest, in relation to any number of Notes, 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, as provided in section 41(3) of the Securities Services Act; |
| <b>"BMWF01 Notes"</b>          | means the ZAR1,000,000,000 floating rate Notes due on 15 June 2011 issued by the Issuer pursuant to this Offering Circular with ISIN No. ZAG000078114;   |
| <b>"BMWF02 Notes"</b>          | means the ZAR900,000,000 floating rate Notes due on 15 June 2012 issued by the Issuer pursuant to this Offering Circular with ISIN No. ZAG000078122;   |
| <b>"BMWF03 Notes"</b>          | means the ZAR600,000,000 floating rate Notes due on 15 June 2013 issued by the Issuer pursuant to this Offering Circular with ISIN No. ZAG000078155;   |
| <b>"BMW Group"</b>             | BMW AG and any other company or entity, including the Issuer, whose financial results are consolidated with the financial results of   |

|                                       |  |
|---------------------------------------|--|
|                                       | BMW AG in accordance with IFRS;  |
| <b>"Bond Market of the JSE"</b>       | the separate platform or sub-market of the JSE designated as the <i>"Bond Market"</i> and on which notes (and other debt securities) may be listed;  |
| <b>"Books Closed Period"</b>          | in relation to the Notes: <p>5 September to 14 September;</p> <p>5 December to 14 December;</p> <p>5 March to 14 March;</p> <p>5 June to 14 June;</p> <p>in each year until the Maturity Date, commencing after the Last Day to Register, during which the Register will be closed and the transfer of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive interest, and ending on the day prior to an Interest Payment Date or the Maturity Date, as the case may be;</p> |
| <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;   |
| <b>"Calculation Agent"</b>            | Absa Capital, unless the Issuer elects to appoint another entity as Calculation Agent;   |
| <b>"Certificate"</b>                  | a Global Certificate and/or an Individual Certificate, as the context requires;  |
| <b>"Commercial Paper Regulations"</b> | the commercial paper regulations of 14 December 1994 issued pursuant to paragraph (cc) of the definition of "the business of a bank" in the Banks Act, set out in Government Notice 2172 and published in Government Gazette 16167 of 14 December 1994;  |
| <b>"Common Monetary Area"</b>         | South Africa, Lesotho, Namibia, and Swaziland;   |
| <b>"Companies Act"</b>                | the Companies Act, 1973 (as amended);  |
| <b>"Court Day"</b>                    | during the term of a court, any day other than a Saturday, Sunday  |

|                                       |   |
|---------------------------------------|---|
|                                       | or public holiday;  |
| <b>"CSD"</b>                          | Strate Limited (registration number 1998/022242/06), or its nominee, operating in terms of the Securities Services Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer and the JSE;  |
| <b>"CSD's Nominee"</b>                | a wholly owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act, and any reference to "CSD's Nominee" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Securities Services Act;  |
| <b>"Day Count Fraction"</b>           | in relation to the Notes (where applicable) and the calculation of an amount for any period of time, means " <b>Actual/365</b> ", " <b>Act/365</b> ", or " <b>Act/Act</b> ", being 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); |
| <b>"Dealer"</b>                       | Absa Capital, unless the Issuer elects to appoint any other entity(ies) as Dealer;  |
| <b>"Early Redemption Amount"</b>      | means the Nominal Amount;   |
| <b>"Event of Default"</b>             | any of the events described in Condition 16;  |
| <b>"Exchange Control Regulations"</b> | the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933 (as amended from time to time);  |
| <b>"Extraordinary Resolution"</b>     | a resolution passed at a meeting (duly convened) of the Noteholders or, as the case may be, by a majority consisting of not less than 75% (seventy-five per cent) of the persons voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% (seventy-five per   |

|                                     |   |
|-------------------------------------|---|
|                                     | cent) of the votes given on such poll;  |
| <b>"Final Redemption Amount"</b>    | the principal amount in respect of each Note 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, subject to applicable laws;   |
| <b>"Global Certificate"</b>         | a certificate in definitive registered form deposited with and lodged in the CSD and registered in the name of the CSD's Nominee, representing all of the Notes (other than those Notes (if any) which are represented by Individual Certificates);   |
| <b>"Guarantee"</b>                  | means the agreement of guarantee dated 10 June 2010, entered into by the Guarantor in favour of Noteholders, as described in Condition 6, a pro-forma extract of which is contained in the section headed " <i>Guarantee</i> ";   |
| <b>"Guarantor" or "BMW AG"</b>      | means Bayerische Motoren Werke Aktiengesellschaft, incorporated in the Federal Republic of Germany, under Seat and Court of Registration: Munich HRB 42243.   |
| <b>"IFRS"</b>                       | the International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (" <b>IASB</b> ") and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time); |
| <b>"Income Tax Act"</b>             | Income Tax Act, 1962 (as amended);  |
| <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 12 and any further certificate issued in consequence of a transfer thereof;   |
| <b>"Interest Amount"</b>            | the amount of interest payable in respect of each Nominal Amount of Notes, as determined in accordance with Condition 8;  |
| <b>"Interest Commencement Date"</b> | 15 June 2010, being the first date from which interest on the Notes will accrue;  |

|  |   |
|--|---|
| <b>"Interest Determination Date"</b>               | in relation to the Notes, 10 June 2010 (in relation to the first Interest Determination Date) and, 15 September, 15 December, 15 March, 15 June of each year until the Maturity Date;                             |
| <b>"Interest Payment Date"</b>                     | in relation to the Notes, 15 September, 15 December, 15 March and 15 June;<br><br>of each year until the Maturity Date;   |
| <b>"Interest Period"</b>                           | in relation to the Notes from 15 June to 14 September; from 15 September to 14 December; from 15 December to 14 March; from 15 March to 14 June;<br><br>of each year until the Maturity Date;                     |
| <b>"International Capital Market Indebtedness"</b> | means any issue of notes with an original maturity of more than one year;   |
| <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);   |
| <b>"Issue Date"</b>                                | 15 June 2010;   |
| <b>"Issue Price"</b>                               | Par;  |
| <b>"Issuer"</b>                                    | BMW Financial Services (South Africa) (Proprietary) Limited (" <b>BMW Finance</b> ") incorporated in the Republic of South Africa with limited liability under registration number (1990/004670/07);              |
| <b>"JSE"</b>                                       | the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE;                    |
| <b>"KPMG"</b>                                      | KPMG Incorporated, incorporated in the Republic of South Africa with limited liability under registration number 1999/021543/21;  |
| <b>"Last Day to Register"</b>                      | in relation to the Notes, 4 September, 4 December, 4 March and 4 June;<br><br>being 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 and whereafter the Register is closed for further transfers or entries until the Payment Day;

**"Margin"**

in relation to BMWF01 Notes, +79 basis points, in relation to BMWF02 Notes, +138 basis points and in relation to BMWF03 Notes, +145 basis points;

**"Material Adverse Effect"**

any fact or circumstances which is likely to have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Notes;

**"Maturity Date"**

in relation to BMWF01 Notes, 15 June 2011, in relation to BMWF02 Notes, 15 June 2012 and in relation to BMWF03 Notes, 15 June 2013;

**"Nominal Amount"**

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;

**"Noteholders"**

the holders of the listed and/or unlisted registered Notes (as recorded in the Register);

**"Notes"**

the BMWF01 Notes, BMWF02 Notes and BMWF03 Notes, being the senior unsecured notes issued by the Issuer pursuant to this Offering Circular;

**"Obligors"**

the Issuer and the Guarantor;

**"Outstanding"**

in relation to the Notes, all the Notes issued other than:

- (a) those which have been redeemed in full;
- (b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment;
- (c) those which have been purchased and cancelled as provided in Condition 10;



- (d) those which have become prescribed under Condition 15;
- (e) those represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 12;
- (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 12,

provided that for each of the following purposes:

- (i) the right to attend and vote at any meeting of the Noteholders; and
- (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 and 20,

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), shall be deemed not to be Outstanding;

|                        |   |
|------------------------|---|
| <b>"Participant"</b>   | a person accepted by the CSD as a participant in terms of section 34 of the Securities Services Act;                |
| <b>"Paying Agent"</b>  | Absa Capital, or such other entity appointed by the Issuer as Paying Agent;   |
| <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>"Rating"</b>        | the rating of the Notes granted by the Rating Agency;   |
| <b>"Rating Agency"</b> | means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors in title; |

|                                  |  |
|----------------------------------|--|
| <b>"Redemption Date"</b>         | the date upon which the Notes are redeemed by the Issuer, whether by way of redemption or maturity in terms of Condition 10.1 or redemption for tax reasons in terms of Condition 10.2, or redemption in the event of a change in law in terms of Condition 10.3, as the case may be;  |
| <b>"Reference Banks"</b>         | four leading banks in the South African inter-bank market selected by the Calculation Agent;   |
| <b>"Reference Rate"</b>          | 3-month ZAR-JIBAR-SAFEX;   |
| <b>"Register"</b>                | the register maintained by the Transfer Agent in terms of Condition 13, including any Sub-register, as the case may be;  |
| <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 the 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 SAFEY, 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>"Securities Services Act"</b> | the Securities Services Act, 2004 (as amended);  |
| <b>"Specified Currency"</b>      | ZAR;   |
| <b>"Specified Denomination"</b>  | ZAR1,000,000 (one million rand);   |
| <b>"South Africa"</b>            | the Republic of South Africa;  |

|                                  |   |
|----------------------------------|---|
| <b>"Subsidiary"</b>              | a subsidiary company as defined in Section 1(3) of the Companies Act;   |
| <b>"Sub-register"</b>            | a Sub-register as contemplated in Section 91A 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>"Transfer Agent"</b>          | Absa Capital, unless the Issuer elects to appoint another entity as a Transfer Agent in which event that other entity shall act as an Transfer Agent in respect of the Notes;                     |
| <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>"Wholly Owned Subsidiary"</b> | a wholly owned subsidiary as defined in Section 1(5) of the Companies Act;  |
| <b>"ZAR"</b>                     | the lawful currency of South Africa, being South African Rand, or any successor currency;   |
| <b>"ZAR-JIBAR-SAFEX"</b>         | the mid-market rate for deposits in ZAR that appears on the Reuters Screen SAFEX Page calculated at approximately 11h00, Johannesburg time on the relevant date and published shortly thereafter; |

## 2. ISSUE

- 2.1. BMW Financial Services (South Africa) (Proprietary) Limited (the **"Issuer"**) will, on the Issue Date, issue a total amount of notes comprising: ZAR1,000,000,000 senior unsecured floating rate notes due 15 June 2011, ZAR900,000,000 senior unsecured floating rate notes due 15 June 2012 and ZAR600,000,000 senior unsecured floating rate notes due 15 June 2013 (the **"Notes"**) with a minimum denomination of ZAR1,000,000, provided that nothing contained herein shall preclude the Issuer from, at any time, issuing, in a separate offering circular, further Notes on these or similar Terms and Conditions.

- 2.2. These Terms and Conditions are incorporated by reference in the Certificate(s) (if any) representing the Notes.

### 3. FORM AND DENOMINATION

#### 3.1. General

- 3.1.1. Notes may be issued in the form of listed or unlisted registered Notes.
- 3.1.2. All payments in relation to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.
- 3.1.3. The Notes will be listed on the Bond 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.

#### 3.2. Registered Notes

Registered Notes will be issued in certificated form or in uncertificated form.

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

- (i) Notes listed on the Bond Market of the JSE and/or lodged and immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in certificated form. Each such Note will be represented by a Global Certificate, and the CSD's Nominee will be named in the Register as the registered Noteholder of that Note. Each Global Certificate will be physically deposited with and lodged in the CSD.
- (ii) All Notes issued in certificated form which are not represented by a Global Certificate will be represented by Individual Certificates.

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

- (i) Notes listed on the Bond Market of the JSE may, subject to applicable laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the Securities Services 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 37 of the Securities Services Act.

**3.2.3. *Beneficial Interests in Notes held in the CSD:***

- (i) Notes listed on the Bond Market of the JSE will either be issued in certificated form and lodged in the CSD under a Global Certificate or be issued in uncertificated form and held in the CSD.
- (ii) The CSD will hold Notes subject to the Securities Services 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's Nominee 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 12 (*Exchange of Beneficial Interests and Replacement of Certificates*).

**4. TITLE**

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

- 4.1.1. The CSD's Nominee will be named in the Register as the registered holder of Notes which are represented by a Global Certificate.
- 4.1.2. Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Notes.
- 4.1.3. Title to Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 14.1.2 (*Transfer of Notes Represented by Individual Certificates*).
- 4.1.4. Each of the Obligors, 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:**

The CSD's Nominee will be named in the Register as the registered holder of Notes which are issued in uncertificated form.

**4.3. Beneficial Interests in Notes held in the CSD:**

- 4.3.1. While Notes are held in their entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes.
- 4.3.2. 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.
- 4.3.3. 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.
- 4.3.4. In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, 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 aggregate Nominal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered holder of such Notes named in the Register) will be treated by each of the Obligors, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.
- 4.3.5. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the