



THE REPUBLIC OF BOTSWANA  
("Botswana" or "the Issuer")

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## **BWP 5,000,000,000 Note Programme**

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Botswana has established this BWP 5,000,000,000 Note Programme (the "Programme"), pursuant to which it may from time to time issue series of notes ("Notes").

Notes issued under the Programme may be bonds or bills as defined in the Stocks, Bonds and Treasury Bills Act for Botswana Cap: 56:07.

Notes issued under the Programme will be denominated in Botswana Pula ("BWP"). The Notes may be issued on a continuing basis. The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed BWP 5,000,000,000, subject to increases authorised by the Issuer, in accordance and in compliance with Section 8 and Section 20 of the Stocks, Bonds and Treasury Bills Act, Cap: 56:07.

The offer price, aggregate principal amount, maturity and interest, if any, payable in respect of Notes, and any other terms and conditions not contained herein which are applicable to each Series as defined under the "Terms and Conditions of the Notes") of Notes to be issued under the Programme will be determined by the Issuer and the Arranger, at the time of issue, in accordance with prevailing market conditions and will be set out in a pricing supplement (the "applicable Pricing Supplement").

Notes issued under this Programme may be listed on the Botswana Stock Exchange ("BSE"). With respect to Notes to be listed and admitted to trading on the BSE, the applicable Pricing Supplement will be delivered to the BSE for approval, before the date of issue of the Notes.

The Programme also permits Notes to be issued on an unlisted basis. The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the BSE or issued on an unlisted basis.

Notes issued under this Programme Memorandum shall be sold by way of auction to Primary Dealers. The rules of auction shall be as set forth in the Rules the subject of the agreements entered into between the Arranger and Primary Dealers. The rules of auction may be amended from time to time in respect of a particular issue in the applicable Pricing Supplement in which latter event the amended rules shall apply to sales and issues of that particular Series of Notes.

Notes issued under this Programme will be issued in uncertificated registered form. No Notes will be issued in Bearer form.

The Issuer shall, in the event there have been material changes affecting the information set forth in this Programme Memorandum, issue a Supplementary Programme Memorandum which shall be of relevance and applicable in respect of all issues of Notes after the date of issue of such Supplementary Programme Memorandum (see section "*Supplemental Programme Memorandum*").

The Programme has, as at the date of this Programme Memorandum, not been rated by any rating agency. However, the Issuer may at any time obtain a rating from a rating agency for the Programme or any issue of Notes issued pursuant to this Programme. The Issuer may agree with the Arranger that Notes may be issued in a form not contemplated by the Terms and Conditions, in which case a Supplementary Programme Memorandum will be made available which will describe the terms and conditions of such Notes.

This Programme Memorandum is to be read in conjunction with all documents incorporated herein whether by reference or otherwise and should be read and understood on the basis that such other documents are incorporated in and form part of this Programme Memorandum.

Advisor



Legal Advisor



Arranger and Transfer Agent



Programme Memorandum dated March 4, 2008

### **IMPORTANT NOTICE**

Pursuant to the provisions of the Stocks, Bonds and Treasury Bills Act, Cap 56:07 (“the Act”), the Bank of Botswana (the “Arranger”) is to arrange issues of the Notes under the Programme and is to circulate this Programme Memorandum and the applicable Pricing Supplement in respect of any issue.

The Arranger has, and may, pursuant to Primary Dealer Agreements (“the Primary Dealer Agreements”) appointed or appoint certain banks in Botswana to be primary dealers in respect of the Notes (“the Primary Dealers”) to market, purchase and sell the Notes.

The Arranger has, and may, pursuant to Custody, Transfer and Settlement Agreements (“the CTS Agreements”) appointed or appoint certain banks in Botswana to act as custodian, transfer and settlement agents in respect of the Notes (“the Agents”).

The Notes may be issued on a continuing basis by the Issuer. Management of the issue of Notes will be conducted by the Arranger. Notes may be purchased and sold by Primary Dealers appointed under the Primary Dealer Agreements from time to time, which appointment may be for a specific issue or on an ongoing basis.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger or the Primary Dealers, or any of their respective directors, affiliates, advisers or agents, that any recipient of this Programme Memorandum, or any other information supplied relating to the Programme or any Notes, should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

None of the Arranger or the Primary Dealers, or any of their respective directors, affiliates, advisers or agents, have independently verified the information contained herein. Accordingly, no representation or

warranty, expressed or implied, is made by the Arranger or the Primary Dealers, or any of their respective directors, affiliates, advisers or agents, with respect to the accuracy or completeness of such information at any time of this Programme Memorandum or any supplement hereto. Nothing contained in this Programme Memorandum is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Arranger or the Primary Dealers, or any of their respective directors, affiliates, advisers or agents, in any respect. Furthermore, none of the Arranger, or the Primary Dealers, makes any representation or warranty or assumes any responsibility, liability or obligation in respect of the legality, validity or enforceability of any Notes, the performance and observance by the Issuer of its obligations in respect of any Notes, or the recoverability of any sums due or to become due from the Issuer under any Notes.

No person is authorised to give or use any information or make any representation not contained in this Programme Memorandum or any supplement hereto in connection with the Programme and any issue offering or sale of Notes under the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Arranger or the Primary Dealers, or any of their respective directors, affiliates, advisers or agents.

The distribution of this Programme Memorandum and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Neither this Programme Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or the Primary Dealers, or any of their respective directors, affiliates, advisers or agents, to any person to subscribe for or to purchase any Notes in any jurisdiction where such offer or invitation is prohibited. None of the Issuer or the Arranger, and the other professional advisors to the Issuer or the Arranger, represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Arranger, or their respective professional advisors which would permit an offering of any Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Persons into whose possession this Programme Memorandum or any Notes may come are required by the Issuer and the Arranger, to inform themselves about and to observe any such restrictions.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered, sold or delivered within the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in certain circumstances exempt from the requirements of the Securities Act..

Notwithstanding the fact the Issuer and Arranger consider that any issue of Notes under this Programme constitutes a domestic issue of the Notes and within Botswana only, each of the Primary Dealers has represented, warranted and undertaken to the Issuer and Arranger that it shall observe all applicable laws and regulations in any jurisdiction in which it may, directly or indirectly, offer, sell, re-sell, re-offer or deliver confirmation of the holding of Notes or distribute the Programme Memorandum or any advertisement or offering material and not do any of the foregoing in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations, and in addition, in respect of any country other than Botswana shall not under any circumstances so offer, sell or re-sell, or re-offer or permit to be so offered sold re-sold or re-offered any Notes unless the aggregate principal amount of the Notes sold, re-sold, or re-offered exceeds BWP1,000,000 (One Million Botswana Pula).

## SUPPLEMENTAL PROGRAMME MEMORANDUM

The Issuer will, in the event of any occurrence of a significant change, material mistake or inaccuracy relating to the information included in this Programme Memorandum which is not reflected in this Programme Memorandum, prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum.

The Issuer may agree with the Arranger that a Series of Notes may be issued on terms or in a form not contemplated by the Terms and Conditions set out herein, in which event the Issuer will publish a supplement to this Programme Memorandum which will describe the terms and conditions of such Series of Notes.

Any Supplemental Programme Memorandum, issued in terms of this paragraph, shall be of force and effect in respect of any Notes, issued after the date thereof.

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Programme Memorandum is in accordance with the facts and contains no omission likely to affect the import of such information. The delivery of this Programme Memorandum at any time does not imply that the information contained therein is correct at any time subsequent to the date of this Programme Memorandum.

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## **GENERAL DESCRIPTION OF THE PROGRAMME**

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This Programme Memorandum, and any supplement thereto, will only be valid for Notes issued under the Programme in an aggregate principal amount which, when added to the aggregate principal amount of all then outstanding Notes issued under the Programme, does not exceed BWP 5,000,000,000. This aggregate amount can be increased, by means of a Supplementary Programme Memorandum being prepared subject to compliance with Section 8 and 20 of the Stocks, Bond and Treasury Bills Act, Cap: 56:07. For the purpose of calculating the aggregate principal amount of Notes issued under the Programme from time to time, reference shall be made to the original principal amount of such Notes; and Notes issued at a discount or premium shall be calculated by reference to the aggregate principal amount thereof. The BW003 Note (ISIN 0000000 389) outstanding, of BWP 900,000,000, if still outstanding shall be taken into account in calculating the maximum amount available to be issued under the Programme.

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## **INCORPORATION OF DOCUMENTS BY REFERENCE**

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The following documents are incorporated by reference and form part of the Programme Memorandum:

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- All Supplements to the Programme Memorandum circulated by the Issuer from time to time
- Each applicable Pricing Supplement relating to any Series of Notes issued under this Programme Memorandum

**SOVEREIGN RATING**

As at the date hereof the Issuer is rated by Standard and Poors and Moodys. Moody's ratings for Botswana, undertaken in August 2007, is A1 for local currency and A2 for foreign currency. Standard and Poors ratings for Botswana, undertaken in October 2007, is "A" for long term and "A-1" for short term foreign currency and "A+" for long term and "A-1" for short term local currency.

## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to the terms and conditions of any particular Series of Notes, the applicable Pricing Supplement.*

Issuer:	The Republic of Botswana
Description:	The Republic of Botswana Registered Notes, issued subject to the provisions of the Stocks, Bonds and Treasury Bills Act, Cap: 56:07.
Size:	Up to BWP5,000,000,000, aggregate principal amount of Notes, including the BW003 Bond, due 31 October 2015, ISIN BW 0000000 389, outstanding at any one time. The Issuer may increase the amount of the Programme subject to compliance with Sections 8 and 20 of the Stocks, Bonds and Treasury Bills Act for Botswana, Cap: 56:07. For the purposes of calculating the aggregate principal amount of Notes outstanding, Notes issued at a premium or discount shall be treated as having been issued at the aggregate principal amount thereof .
Currency of Notes:	Botswana Pula (BWP), or any successor currency.
Arranger:	Bank of Botswana.
Primary Dealers:	Those institutions appointed as Primary Dealers under the terms of the Primary Dealer Agreements entered into between certain banks, operating in Botswana, and the Arranger on the March 4, 2008. The Arranger may, from time to time terminate the appointment of any primary dealer or appoint additional primary dealers either in respect of either in respect of one or more Series of Notes or in respect of the whole Programme.
Issue of Notes:	The Notes will be issued on the Issue and Settlement Date as indicated by the applicable Pricing Supplement, against payment.

Transfer Agent: Bank of Botswana, unless otherwise stated in the applicable Pricing Supplement.

Paying Agent: Bank of Botswana, unless otherwise stated in the applicable Pricing Supplement.

Calculation Agent: Bank of Botswana, unless otherwise stated in the applicable Pricing Supplement.

Method of Issue: The Issuer may, from time to time, issue Series of Notes. Notes will be issued in series (each, a "Series"), with all Notes in a Series having the same maturity date and identical terms (except that the issue dates, interest commencement dates, amounts of the first interest payment and related matters may be different and except that a Series may comprise Notes in different denominations). Details applicable to each Series will be specified in a pricing supplement relevant to the Series (the "applicable Pricing Supplement").

Issue Price: Notes may be issued at their principal amount or at a discount or premium to their principal amount.

Maturities: Such maturities as may be agreed between the Issuer and the Arranger, subject to such minimum or maximum maturities as may be allowed or required from time to time by the laws or regulations applicable to the Issuer, as set forth in the applicable Pricing Supplement.

Denominations: Notes may be issued in such denominations as set forth in the applicable Pricing Supplement.

Sale: Notes shall be sold by way of auction under the Rules the subject of the Primary Dealer Agreements as may be amended from time to time or as set forth in the applicable Pricing Supplement.

Interest Periods and  
Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate may differ from time to time between Series or be constant. Notes may be issued with a fixed or variable rate of interest. The use of different interest accrual periods may permit the Notes to bear interest at different rates in the same interest period. Detailed information in this respect for the Notes in a particular Series will be set out in the applicable Pricing Supplement.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer, and the Arranger and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, and the Arranger and set forth in the applicable Pricing Supplement.

Floating Rate Notes:

Floating or variable rate interest will be payable on such date or dates as may be agreed between the Issuer and the Arranger and on redemption, and will be calculated at such rate and on the basis of such day count fraction as may be agreed between the Issuer and the Arranger and may also have a maximum interest rate, a minimum interest rate or both as set forth in the applicable Pricing Supplement.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their principal amount or at a discount and are to bear interest.

Other Notes:

The Issuer may, subject to compliance with the applicable regulation issue under the Programme Floating Interest Rate, Index Linked Interest Notes or Step-up or Step-down Notes, as the Issuer and Arranger may agree, full details of which shall be specified in an applicable Pricing Supplement in respect thereof.

Status of Notes:	Notes issued under the Programme will constitute direct, general, unconditional and unsecured obligations of the Issuer ranking at least pari passu with all other present or future unsecured, unsubordinated obligations of the Issuer.
Treasury Bills	A Treasury Bill is a short term instrument with a maturity of not longer than 12 months from the date of issue. A Treasury Bill is issued at a discount to its aggregate principal amount. On redemption the Issuer shall pay to the holder of the Treasury Bill the aggregate principal amount thereof.
Taxation:	All payments of principal and interest in respect of the Notes will be made subject to such withholding or deduction for tax as is required by law in the Republic of Botswana.
Form of Notes:	Notes may be debt instruments, bonds, or treasury bills, as contemplated in the Stocks, Bonds and Treasury Bills Act Cap 56:01 and shall be issued in uncertificated registered form. The Notes shall not be issued in Bearer form.
Books Closed Period:	The Register will be closed 10 days prior to each Interest Payment Date each year until the Redemption Date, or for such other periods as the Issuer may determine, and set forth in an applicable Pricing Supplement. The dates of commencement and termination of the period will be specified in the applicable Pricing Supplement.
Last Day to Register:	17h00 on the last Business Day before the first day of a Books Closed Period.
Global Register:	The register of Notes in issue to be operated and updated by the Transfer Agent, who shall cause a record in the Global Register of each Series of Notes, the Series number thereof, the number of Notes in each Series, and the Number of Notes in each Series held by each Primary Dealer, for own account and / or third parties.

Register: The Global Register and the Subregisters, together.

Noteholders: The holder of a Note or Notes or interests therein from time to time and recorded as such in the Register.

Rating: The Programme has, as at the date of this Programme Memorandum, not been rated by any rating agency. However, the Issuer may at any time obtain a rating from a rating agency for the Programme or any issue of Notes issued pursuant to the terms of this Programme. Where a Series of Notes is rated, such rating will be indicated in the applicable Pricing Supplement but will not necessarily be the same as any rating obtained for the Programme.

Governing Law: The Notes will be governed by, and construed in accordance with, Botswana law.

Listing: Notes may be listed on the BSE. The Issuer may also issue unlisted Notes pursuant to the Programme. The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the BSE.

Subregister: The register of participating interests in Notes in issue, to be operated and updated by an Agent, which shall record, in respect of all Notes other than those held by another Primary Dealer or agent, held by a person who acquired an interest in Notes from a Primary Dealer or who acquired interests in Notes from such person, or who acquired Notes from a person to whom another Primary Dealer sold or transferred Notes, the name, address and bank account of such person and the Series, and number of Notes, or percentage of participation of Notes in each Series held by that person.

Primary Dealer  
Agreements:

The agreements entered into on the March 4, 2008 between the Arranger and certain banks in Botswana to act as Primary Dealers in respect of the Notes issued out under the Programme.

CTS Agreements:

The agreements entered into on the March 4, 2008 by the Arranger and certain banks for the provision of custody, transfer and settlement agent services.



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**FORM OF THE NOTES**

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The Notes shall be issued in uncertificated registered form:

- (i) Certificates will not be printed nor issued;
- (ii) the issue or transfer of a Note to a Primary Dealer shall be recorded in the Global Register with the name, address and bank account of the Dealer, Series name and number of Notes held by the Primary Dealer;
- (iii) the issue or transfer of participatory interests of persons other than Primary Dealers in a Note shall be recorded by a Primary Dealer in the Subregister.
- (iv) entry in the Register shall be proof of ownership of the rights and / or interests in a Note;
- (v) if Notes are traded amongst Primary Dealers subsequent to issue, the rights of ownership will be transferred via entries in the Register;
- (vi) if the participatory interests in Notes are traded by persons who acquired the interests from Primary Dealers, the rights of ownership in the interest shall be transferred via entries in Subregisters.

## **RISK FACTORS**

*Prior to making an investment decision, prospective purchasers of the Notes should carefully consider, along with the other matters referred to in this Programme Memorandum, the following risk factors associated with an investment in Botswana, and the Notes. The list of risk is not exhaustive, there may be others. Prospective investors should pay particular attention to the fact that the Issuer is governed by a legal and regulatory environment in the Republic of Botswana which in some respects may differ from that prevailing in other countries.*

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, only sophisticated investors who fully appreciate the nature of the instrument and the significance of the risks involved should invest in the Notes. Investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

### **Risk Factors Relating to the Republic of Botswana**

Botswana as with other markets is subject to economic, legal and political risks. These risks are subject to change.

The Issuer will pay principal and interest on the Notes in BWP. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than BWP. These include the risk that exchange rates may change and the risk that the authorities with jurisdiction over the Issuer's currency may impose or modify exchange controls.

### **Risk Factors Relating to the Notes**

#### **The trading price of the Notes may be volatile:**

The market value for securities may be volatile as they are influenced by yields and interest rates for BWP denominated instruments.

**Credit Ratings may not reflect all risks:**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, and additional factors discussed above, other factors that may affect the value of the Notes. Credit ratings assigned to Notes do not necessarily mean that the Notes are a suitable investment. A credit rating is not a recommendation to buy, sell, or hold securities and may be suspended, revised or withdrawn by the assigning rating agency at any time. Similar ratings on different types of Notes do not necessarily mean the same thing. Any change in the credit rating of Notes or the Issuer, could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

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

The investment activities of certain investors may be subject to law or review or regulation by certain authorities. Each potential investor should determine for itself, on the basis of professional advice where appropriate, whether and to what extent (i) Notes are lawful investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

**EXCHANGE CONTROLS**

There are no exchange controls in Botswana. Foreign investors can freely subscribe for or purchase Notes. Interest payable on Notes held by foreign investors is freely remittable out of Botswana. The proceeds of Redemption or the sale of Notes due to a foreign investor are freely remitted out of Botswana. There is no Botswana regulatory approval required for the purchase or sale of Notes by a foreign investor.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes, (subject to amendment in accordance with the provisions of the applicable Pricing Supplement). All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement.*

The “**Notes**”, (which expression shall, unless the context otherwise so requires, be deemed to include a reference to any further notes issued pursuant to Condition 11 shall be issued in one or more Series by the Republic of Botswana under the BWP 5,000,000,000 Term Note Programme (the “**Programme**”) established by the Republic of Botswana pursuant to the provisions of the Stocks, Bonds and Treasury Bills Act, Cap: 56:07. The Bank of Botswana, acts as transfer agent, (in such capacity the “**Transfer Agent**”), as the paying agent (in such capacity the “**Paying Agent**”), and as Calculation Agent for payment of interest and redemption monies (in such capacity “**the Calculation Agent**”) in respect of the Notes.

Notes will be issued under the Programme in series (each, a “**Series**”), with all Notes in a Series having the same maturity date and identical terms (except that the issue dates, interest commencement dates, amounts of the first interest payment and related matters may be different. Details applicable to each Series will be specified in the applicable Pricing Supplement to this Programme Memorandum with respect to the Notes in a particular Series, (the “**applicable Pricing Supplement**”).

The holders of the Notes (the “**Noteholders**”) are bound by, subject to, and are deemed to have notice of, all the terms and conditions of the Notes.

References to “Conditions” are, unless the context otherwise requires, to the numbered paragraphs of these Conditions.

## 1. Form, Denomination and Title

Notes are issued in such denominations in aggregate principal amount as set forth in the applicable Pricing Supplement.

Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a Treasury Bill or any other kind of Note, as indicated in the applicable Pricing Supplement and subject to the Stocks, Bonds and Treasury Bills Act, Cap: 56:07. Each Series of Notes shall be numbered and interests therein recorded in the Register and Subregister .

Title of a Primary Dealer to a Note shall pass by registration in the Global Register which shall be kept by the Transfer Agent. Title of a holder of a Note, other than a Primary Dealer, shall pass by registration in the Subregisters which shall be kept by the Agents in accordance with provisions of the CTS Agreements. Registration of the transfer by the Transfer Agent or an Agent shall constitute evidence of ownership in a Note. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" and "holder" (in relation to a Note) shall mean the person in whose name a Note is registered in the Register (as the case may be) and capitalised terms have the meanings given to them hereon.

In these Conditions, "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality.

## 2. Transfers of Registered Notes

### 2.1 *Transfer of Notes*

Notes may be transferred, in the case of transfer between Primary Dealers, upon delivery to the Transfer Agent at the specified office of the Transfer Agent of a form of transfer agreed by

the Transfer Agent, duly completed and executed, together with any other evidence as the Transfer Agent may reasonably require. Notes may be transferred in the case of transfer between parties who are not Primary Dealers, upon delivery to an Agent of a form of transfer agreed by the Agent duly completed and executed together with any other evidence as the Agent may require.

## 2.2 *Closed Periods*

No Noteholder may require the transfer of a Note to be registered during a Books Closed Period ending on the due date for redemption of, or payment of any principal amount in respect of that Note.

## 3. **Status of Notes**

The Notes constitute direct, general, unconditional and unsecured obligations of the Issuer. Notes rank, and will at all times rank, *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, for monies borrowed and guarantees given by the Issuer in respect of monies borrowed by others.

## 4. **Interest**

4.1. A Note shall bear interest at the Interest Rate from and including the Issue Date up to and excluding the Redemption Date.

4.2 Each Note will cease to bear interest from the Redemption Date unless, upon due presentation thereof, the redemption payment due in respect thereof is improperly withheld or refused, in which event interest will accrue from and including the Redemption Date.

### 4.3 Fixed Rate Notes

4.3.1 Interest in respect of each Interest Period shall be payable in arrears on the Interest Payment Date immediately after the last day of such Interest Period. If any Interest Payment Date falls upon a day which is not a Business Day, the interest payable upon such Interest Payment Date shall be payable upon the first following day that is a Business Day, provided that for purposes of determining an Interest Period or Interest no adjustment shall be made to such Interest Payment Date.

4.3.2 The amount of interest payable on a Note in respect of each Interest Period shall be determined by the applicable Pricing Supplement.

4.3.3 If interest is required to be calculated for a period other than a full interest period (six months), it will be calculated on the basis of the actual number of days (first day included last day excluded) in such period divided by 365.

#### 4.4 Floating Rate Notes

4.4.1 Each Floating Rate Note bears interest on its outstanding principal Amount from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement up to (but excluding) the Maturity Date and such interest will be payable in arrear on the Interest Payment Date(s) in each year specified in the applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

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

### 5. **Redemption, Purchase and Cancellation**

#### 5.1 *Redemption*

Unless previously purchased and cancelled as provided below each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

#### 5.2 *Purchase*

The Issuer may at any time purchase for its account any of the Notes, in the open market. Notes so purchased shall be cancelled. The Arranger may at any time purchase for its account any of the Notes, in the open market. Notes so purchased may be held or resold.

## 6. Payments

- 6.1 Interest and Principal Amounts due on redemption shall only be payable by the Paying Agent, in respect of interest, to Primary Dealers registered as such on the Global Register at 17h00 on the Last Day to Register immediately preceding the Interest Payment Date in question, and in respect of redemption, to Primary Dealers registered as such on the Global Register at 17h00 on the Last Day to Register prior to the Redemption Date in question provided that if the Transfer Agent receives a Transfer Form by post after the Last Day to Register which was post marked prior to the Last Day to Register, it shall give effect to such transfer even though the Transfer Form was received after the Last Day to Register, provided that it is received within 3 Business Days after the Last Day to Register.
- 6.2 Subject to Condition 6.1, payment of interest and redemption monies shall be made by the Paying Agent via electronic funds transfer to the account designated for the purpose by the Primary Dealer.
- 6.3 The Primary Dealers shall be obliged to effect payment of Interest due on relevant Payment Dates and principal amounts due on redemption to Noteholders other than Primary Dealers on the same day the Primary Dealers receive payment of Interest or principal amounts from the Paying Agent, via electronic funds transfer to an account designated for the purpose by such Noteholder.
- 6.4 Interest and principal amounts due on redemption shall be payable by the Primary Dealers, in respect of interest, to Noteholders registered as such on the Subregister at 17h00 on the Last Day to Register immediately preceding the Interest Payment Date in question, and in respect of redemption, to Noteholders registered as such on the Subregister at 17h00 on the Last Day to Register prior to the Redemption Date in question, provided that if the Primary Dealer receives a Transfer Form by post after the Last Day to Register which was post marked prior to the Last Day to Register, it shall give effect to such transfer even though the Transfer Form was received after the Last Day to Register, provided that it is received within 3 Business Days after the Last Day to Register.



- 6.5 All payments of principal and interest in respect of the Notes are subject, in all cases, to any applicable fiscal or other laws and regulations in Botswana. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 6.6 Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as such term is defined below), for value the first following day which is a Business Day) will be initiated (i) on the due date for payment (in the case of principal and interest due on redemption) and (ii) on the due date for payment (in the case of interest due other than on redemption).
- 6.7 In this Condition 6, "Business Day" means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Gaborone, Botswana.
- 6.8 If at any time a partial payment of principal and/or interest is made in respect of any Note, the Transfer Agent shall endorse the Global Register and the Agents shall endorse the Subregister with a statement indicating the amount and date of such payment.

## **7. Arranger**

- 7.1 The Arranger, Paying Agent, Transfer Agent and Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Noteholder. Subject to compliance with law, the Issuer may (a) vary or terminate the appointment of the Arranger as Agent at any time and/or (b) appoint one or more new Agents by giving not less than 30 days' written notice to that effect which notice shall expire not less than 10 days before or after any due date for payment of any principal or interest in respect of the Notes, to the Arranger and to the Agent or Agents whose appointment is/are concerned; provided, however, that so long as any of the Notes are outstanding: (i) in the case of termination of the appointment of the Paying Agent or the Transfer Agent, no such notice shall take effect until a new Paying Agent or Transfer Agent, as the case may be, has been appointed and notice of such appointment has been given to the Noteholders in accordance with Condition [10]; (ii) there shall never be more than one Transfer Agent at any time; and (iii)

so long as the Notes are listed on the BSE, and so require, a Paying Agent and a Transfer Agent having a specified office as may be required by the rules of the BSE. Notice of any such termination or appointment and of any change in the specified offices of the Agents will be published in accordance with Condition 10 below.

7.2 The Primary Dealers, in receiving any payment of principal and interest in respect of the Notes, do so as agent for the Issuer, with the obligation to transmit the amount of principal to the holders of Notes reflected in the Subregister of the Primary Dealer as Agent.

## **8. Warranties**

The Issuer hereby certifies and warrants that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of each Note and to constitute the same the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms, if any, have been done and performed and have happened in due compliance with all applicable laws.

## **9. Prescription**

Claims against the Issuer for payment of principal or interest in respect of the Notes, shall be prescribed and become void unless made within six years from the date on which such payment first becomes due.

## **10. Notices**

### *10.1 To Primary Dealers*

Notices to a Primary Dealer will be deemed to be validly given if sent by the Issuer, through the office of the Arranger, by message through the Arranger's dealing system, to and quoting the code of the Primary Dealer in that system. In the event that Notes are listed on the BSE and the rules of the BSE so require, a notice shall also be published in a daily newspaper of general circulation in Botswana. Each such notice shall be deemed to have been validly given on the Business Day following the date of the mailing through the dealing system and, in the case of Notes listed on the BSE, where publication in a newspaper has been required, be deemed to have been given on the day of publication.

#### 10.2 *To the Issuer*

Notices to the Issuer will be deemed to be validly given if such notices are delivered to the offices of the Arranger and clearly marked on their exterior "Urgent – Attention: Director, Financial Markets" (or at such other address and for such other attention as may have been notified to the Primary Dealers in accordance with Condition 10). Such Notes will be deemed to have been validly given on the business day following the date upon which delivery was made.

#### 10.3 *To the Arranger and Transfer Agent*

Notices to the Arranger and Transfer Agent will be deemed to have been validly given if delivered to the office of the Arranger and marked for the attention of Director, Financial Markets (or at such other address and for such other attention as may have been notified to the Primary Dealers in accordance with Condition 10). Such Notes will have been deemed validly given on the business day following the day on which delivery was made.

#### 10.4 *To holders of Notes which are not Primary Dealers*

The Primary Dealers and Agents shall transmit any notice received from the Issuer, Arranger, Transfer Agent or Paying Agent to a Noteholder who is not a Primary Dealer within 24 hours of receipt of same by the Primary Dealer or Agent to the address of the Noteholder in the Subregister.

### **11. Further Issues**

The Issuer may from time to time, without the consent of the Dealers or Noteholders, create and issue further securities having the same terms and conditions as any Notes outstanding in all respects (except for the issue price, issue date and the first payment of interest on them) and so that such further issues shall be consolidated and form a single Series with outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition.

## 12. Governing Law and Jurisdiction

### 12.1 *Governing Law*

The Notes are governed by, and shall be construed in accordance with, Botswana law.

### 12.2 *Jurisdiction*

The courts of Botswana shall have, subject to what follows in this Condition 12.2, exclusive jurisdiction to hear and determine any suit, action or proceedings, which may arise out of or in connection with the Notes (respectively, "**Proceedings**") and, for such purposes, the Issuer irrevocably submits to the jurisdiction of such courts. Nothing in this Condition 12.2 shall limit the right of the Primary Dealers or the Noteholders to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings by the Primary Dealers or the Noteholders in any one or more jurisdictions preclude the taking of Proceedings by the Primary Dealers or the Noteholders in any other jurisdiction (whether concurrent or not) if and to the extent permitted by law.

### 12.3 *Consent to enforcement, etc.*

The Issuer has consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be given in such Proceedings.

### 12.4 *Waiver of immunity*

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer has agreed not to claim and have irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

### **13. Taxation**

Currently Section 58 of, and as read with the Seventh Schedule to the Income Tax Cap 52:01 as amended, imposes an obligation to withhold 15% (Fifteen percent) on all interest payment to non-resident Noteholders and 10% (Ten percent) on all interest payments to resident Noteholders save resident Noteholders which are exempt from taxation.

The Issuer and Arranger, when making payments of interest on Notes to Primary Dealers shall make no deduction whatsoever for withholding tax.

Primary Dealers, when making payment of interest to any Noteholder which is not a Primary Dealer, shall be obliged to effect withholding of the tax as specified in Section 8 read with the Seventh Schedule of the Income Tax Act Cap 52:01 as amended.

## **GENERAL INFORMATION**

### **Authorisation**

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of Botswana have been given for the establishment of the Programme and the issue of Notes and for the Issuer, the Arranger, Transfer Calculation and Paying Agent to undertake and perform their respective obligations under the Programme.

### **Listing**

The Programme has been approved by the BSE. The Issuer may seek to list Notes issued under the Programme on the BSE, from time to time.

### **Programme Memorandum and Pricing Supplements**

A signed copy of the Programme Memorandum and Pricing Supplements in respect of the Notes on offer as at date hereof, are available for inspection, upon request, at the offices of the Arranger, during normal business hours, on business days.

For and on behalf of the Issuer on March 4, 2008.

A handwritten signature in black ink, appearing to be 'B. Gaolathe', written in a cursive style.

.....  
**B. Gaolathe**  
**Minister of Finance & Development Planning**

Date of issue hereof: [ ]

## INDICATIVE PRICING SUPPLEMENT



## THE REPUBLIC OF BOTSWANA

Pricing Supplement dated [.....]

Issue of [Aggregate Nominal Amount [Title of Notes]

Under the BWP [5,000,000,000] Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Programme Memorandum dated March 4, 2008 [and the Supplemental Programme Memorandum dated [\*]] which [together] constitute[s] a programme memorandum for the purposes of this issue (“the Note Programme Memorandum”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Note Programme Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Note Programme Memorandum. [The Programme Memorandum and the Supplemental Programme Memorandum] are available for viewing at the office of the Transfer Agent.

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

*Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Programme Memorandum dated [.....]. This document constitutes the Pricing Supplement of the Notes described herein for the purposes of the [name the*

**issue**], and must be read in conjunction with the Programme Memorandum dated [.....] which constitutes a programme memorandum for the purposes of the **[name the issue]**, save in respect of the Conditions which are extracted from the Programme Memorandum dated [.....] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Programme Memorandum dated March 4, 2008. Copies of such Programme Memorandum are available for viewing and may be obtained from the registered office of the Issuer.

Include whichever of the following apply, on the basis that that which is not included does not apply.

Should the issue of Notes described herein be listed on the Botswana Stock Exchange, or any other exchange a further statement will be published as part of this Pricing Supplement to that effect.

**Date of Issue hereof: March [     ] 2008**

- |     |   |   |
|-----|---|---|
| 1.  | Issuer:   | The Republic of Botswana  |
| 2.  | [(i)] Series Number:  | [?]   |
|     | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.) |   |
| 3.  | Aggregate Nominal Amount of Notes admitted to trading:  | [?]   |
| 4.  | Issue Price:  | [?] per cent of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]   |
| 5.  | Specified Denominations:  | [?]<br>[?]  |
| 6.  | Issue Date:   | [?]   |
| 7.  | Interest Commencement Date  | [?]   |
| 8.  | Maturity Date:  | [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]                                |
| 9.  | Interest Basis:   | [1● per cent. Fixed Rate]<br>[[specify reference rate] +/- 1● per cent. Floating Rate]<br>[[Other (specify)]<br>(further particulars specified below) |
| 10. | Redemption / Payment Basis:   | [Redemption at par]<br>[Other (specify)]  |
| 11. | Change of Interest or Redemption/Payment  | [Specify details of any provision for   |



Basis: *convertibility of Notes into another interest or redemption/ payment basis]*

12. Method of sale: Auction

13. Rules of Auction: [if other than set out in Primary Dealer Agreement]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [?] per cent. per annum [payable [annually/semi- annually/quarterly/monthly] in arrear]
  - (ii) Interest Payment Date(s): [?] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted]
  - (iii) Fixed Coupon Amount[(s)]: [?] per [?] in Nominal Amount
  - (iv) Day Count Fraction: [Actual / 365 / 30/360 / Actual/Actual /Other]
  - (v) Determination Dates: [?] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/ Actual ([ICMA]))*
  - (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
15. **FLOATING RATE NOTE PROVISIONS** Applicable/Not Applicable  
*(If not applicable, delete the remaining sub-paragraphs to this paragraph)*
- (i) Rates of Interest
  - (ii) Payable Annually/Semi-annually/quarterly/monthly in arrear
  - (iii) Interest Payment Dates in each year adjusted in accordance with *[specify business day convention and any applicable business centre for the definition of business day]*
  - (iv) day count fraction [actual/365/360/actual/other]
  - (v) determination dates in each year
  - (vi) other terms relating to the method of calculating interest for Floating Rate Notes *(if not applicable give details)*
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation/Accrual Yield [ ] per cent per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]

- 17 **Treasury Bill Provisions**
- (i) [ ]
- (ii) [ ]
- (iii) [ ]
- 18 **Books Closed Period**
- (i) Commencement [ ]
- (ii) Termination [ ]
- 19 **Last Day to Register**
- (i) in respect of interest [ ]
- (ii) in respect of redemption [ ]

**PROVISIONS RELATING TO REDEMPTION**

20. **Final Redemption Amount of each Note** [[?] per Note of [?] specified denomination/other/ see Appendix]
- (i) Calculation Agent responsible for calculating the Final Redemption Amount: [?]
- (ii) Determination Date(s): [?]
- (iii) Payment Date: [?]
- (vii) Final Redemption Amount: [?]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21. Form of Notes Registered Notes
22. Review of Programme Memorandum: [Not Applicable/give details]  
*The Issuer shall review the Note Programme Memorandum and consider as to whether or not a significant new factor occurred which may require a Supplemental Note Programme Memorandum.*

**PART B – OTHER INFORMATION**

**1. LISTING**

This Pricing Supplement comprises the pricing supplement required to list and have admitted to trading the issue of Notes described herein, pursuant to the BWP5,000,000,000 Term Note Programme of the Republic of Botswana

- (i) Listing: [BSE]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the BSE with effect from [?].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [?]

- |      |   |  |
|------|---|--|
| (iv) | Date of submission of Note Programme Memorandum and Supplement to BSE | [?]  |
| (iv) | Date of approval of BSE to Listing and admission to trade             | [?]  |
| 2.   | <b>RATINGS</b><br>Ratings:  | The Notes to be issued have been rated:<br>[S & P: [●]]<br>[Moody's: [●]]<br>[[Other]: [●]]<br><i>(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)</i> |
| 3.   | <b>YIELD</b> – <i>(Fixed Rate Notes only)</i><br>Indication of yield: | [?]<br><i>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]</i>  |
| 4.   | <b>OPERATIONAL INFORMATION</b><br><br>ISIN Code:<br>Common Code:      | <br><br>[?]<br>[?]   |

### RESPONSIBILITY

The Republic of Botswana accepts responsibility for the information contained in this Pricing Supplement.

The Republic of Botswana confirms that such information has been accurately reproduced and that, so far as it is aware, no facts have been omitted which would render the Pricing Supplement inaccurate or misleading.

Signed on behalf of the Republic of Botswana:

By: .....

Honourable Minister of Finance & Development Planning