
APPLICABLE PRICING SUPPLEMENT



DENEL SOC LTD

(Incorporated in the Republic of South Africa with limited liability under registration number 1992/001337/30)

Issue of ZAR200,000,000 Senior Unsecured Floating Rate Notes due 21 November 2014
Irrevocably and unconditionally guaranteed by the Government of the Republic of South Africa
Under its ZAR2,200,000,000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the amended and restated Programme Memorandum, dated 18 September 2012, prepared by Denel SOC Ltd in connection with the Denel SOC Ltd ZAR2,200,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

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

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

PARTIES

1.	Issuer	Denel SOC Ltd
2.	Guarantor	The Government of the Republic of South Africa
3.	Dealer	Nedbank Limited, acting through its Nedbank Capital division;
4.	Debt Sponsor	Nedbank Limited, acting through its Nedbank Capital division
5.	Paying Agent	FirstRand Bank Limited, acting through its Rand Merchant Bank division
	Specified Address	1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
6.	Calculation Agent	FirstRand Bank Limited, acting through its Rand Merchant Bank division
	Specified Address	1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa

7.	Transfer Agent	FirstRand Bank Limited, acting through its Rand Merchant Bank division
	Specified Address	1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa

PROVISIONS RELATING TO THE NOTES

8.	Status of Notes	Senior Unsecured
9.	Form of Notes	Listed
10.	Series Number	52
11.	Tranche Number	1
12.	Aggregate Nominal Amount:	
	(a) Series	ZAR200,000,000
	(b) Tranche	ZAR200,000,000
13.	Interest	Interest-bearing
14.	Interest / Payment Basis	Floating Rate
15.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
16.	Form of Notes	The Notes in this Tranche are issued in uncertificated form and held by the CSD
17.	Issue Date	21 May 2014
18.	Nominal Amount	ZAR1,000,000
19.	Specified Denomination	ZAR1,000,000
20.	Specified Currency	ZAR
21.	Issue Price	100 percent
22.	Interest Commencement Date	21 May 2014
23.	Maturity Date	21 November 2014
24.	Applicable Business Day Convention	Modified Following Business Day
25.	Final Redemption Amount	100 percent of Nominal Amount
26.	Last Day to Register	by 17:00 on 10 August 2014 and 10 November 2014 until the Maturity Date
27.	Books Closed Period(s)	The Register will be closed from 11 August 2014 to 20 August 2014 and from 11 November 2014 to the Maturity Date
28.	Default Rate	N/A

FIXED RATE NOTES

N/A

FLOATING RATE NOTES

29.	(a)	Interest Payment Date(s)	21 August 2014 and 21 November 2014
	(b)	Interest Periods	From and including the applicable Interest Payment Date and ending on but excluding the following Interest Payment Date, the first Interest Period commencing on 21 May 2014 and ending the day before the next Interest Payment Date
	(c)	Definitions of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>))	N/A
	(d)	Minimum Interest Rate	N/A
	(e)	Maximum Interest Rate	N/A
	(f)	Day Count Fraction	Actual/365
	(g)	Any other terms relating to the particular method of calculating interest	N/A
30.		Manner in which the Interest Rate is to be determined	Screen Rate Determination
31.		Margin	25 basis points to be added to the reference rate
32.		If ISDA Determination	N/A
	(a)	Floating Rate	N/A
	(b)	Floating Rate Option	N/A
	(c)	Designated Maturity	N/A
	(d)	Reset Date(s)	N/A
33.		If Screen Rate Determination:	
	(a)	Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	3 month ZAR-JIBAR
	(b)	Interest Determination Date(s)	21 August 2014 with the first Interest Determination Date being 19 May 2014
	(c)	Relevant Screen Page and Reference Code	Reuters page 0#SFXmm or successor page
34.		If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis	N/A

for determining Rate of Interest/Margin/Fallback provisions

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| 35. | Calculation Agent responsible for calculating amount of principal and interest | FirstRand Bank Limited, acting through its Rand Merchant Bank division |
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ZERO COUPON NOTES

N/A

PROVISIONS REGARDING REDEMPTION/MATURITY

- | | | |
|-----|---|-----|
| 37. | Redemption at the Option of the Issuer: | No |
| 38. | Redemption at the Option of the Senior Noteholders: | No |
| 39. | Redemption in the event of a Change of Control at the election of Noteholders pursuant to Condition 10.5 (<i>Redemption in the event of a Change of Control</i>) or any other terms applicable to a Change of Control | Yes |
| 40. | Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). | Yes |

GENERAL

- | | | |
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| 41. | Financial Exchange | Interest Rate Market of the JSE |
| 42. | Additional selling restrictions | N/A |
| 43. | ISIN No. | ZAG000115841 |
| 44. | Stock Code | DENG52 |
| 45. | Stabilising manager | N/A |
| 46. | Provisions relating to stabilisation | N/A |
| 47. | Method of distribution | Auction |
| 48. | Credit Rating assigned to the Issuer / Programme / Notes | Long Term: AAA(zaf)/Stable
Short Term: F1+(zaf) |
| 49 | Applicable Rating Agency | by Fitch Southern Africa Proprietary Limited dated January 2014, to be reviewed annually |
| 29. | Governing law (if the laws of South Africa are not applicable) | N/A |
| 30. | Other provisions | Guarantee |

In accordance with the terms of the Guarantee attached hereto as Annexure 1 (the **Guarantee**), the Guarantor has irrevocably and unconditionally guaranteed to the Noteholders the due and punctual payment by the Issuer of all amounts

owing by the Issuer in respect of the Notes issued pursuant to this Applicable Pricing Supplement.

- (a) The Guarantor is required to make any payment under the Guarantee by no later than 3 (three) Business Days after receipt of a written demand under and in terms of the Guarantee and the Terms and Conditions. All payments under the Guarantee will *pro tanto* discharge the Issuer of its corresponding obligations to the Noteholders under these Notes.
- (b) The Guarantee will be deposited with, and held by, the Paying Agent until the later of:
 - (i) the date on which the Programme is terminated by the Issuer; and
 - (ii) the date on which all the obligations of the Issuer and the Guarantor under or in respect of these Notes have been discharged in full.

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

Issuer's Undertaking

For so long as the Notes issued pursuant to this Applicable Pricing Supplement remain Outstanding, the Issuer undertakes not to issue further guaranteed notes exceeding the guaranteed amount in the Guarantee.

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

31. Paragraph 3(5)(a)

The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is the Issuer.

32. 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.

33. Paragraph 3(5)(c)

The auditor of the Issuer is SizweNtsalubaGobodo Incorporated.

34. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued ZAR1,650,000,000 Commercial Paper (as defined in the Commercial Paper Regulations), including this issue which are guaranteed by the Guarantor; and
- (ii) the Issuer estimates that it may issue ZAR200,000,000 of Commercial Paper, which will not be guaranteed by the Guarantor during the current financial year, ending 31 March 2015.

35. Paragraph 3(5)(e)

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

36. 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.

37. Paragraph 3(5)(g)

The Notes issued will be listed.

38. 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.

39. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured, but have been guaranteed by the Government of the Republic of South Africa.

40. Paragraph 3(5)(j)

SizweNtsalubaGobodo Incorporated, the statutory auditors of the Issuer, have confirmed that this issue of Notes issued under the Programme will comply in all respects with the relevant provisions of the Commercial Paper Regulations.

Responsibility:

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

Application is hereby made to list this issue of Notes on 21 May 2014.

SIGNED at JOHANNESBURG on this 20th day of May 2014

For and on behalf of
DENEL SOC LTD

A handwritten signature in black ink, appearing to read 'R Saloojee', written over a horizontal line.

Name: R Saloojee
Capacity: Group CEO
Who warrants his authority hereto

A handwritten signature in black ink, appearing to read 'F Mhlontlo', written over a horizontal line.

Name: F Mhlontlo
Capacity: Group Financial Director
Who warrants his authority hereto

GUARANTEE

EXECUTION

GUARANTEE

By

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

in favour of

NOTEHOLDERS

for the obligations of

DENEL SOC LTD

in respect of

the issue and settlement of Notes (as defined below) by Denel SOC Ltd during the period commencing on the date of signature of this Guarantee up to and including 30 September 2017 in an aggregate principal amount of up to ZAR1,850,000,000 (the "**Notes**") under its ZAR2,200,000,000 Domestic Medium Term Note Programme.

BOWMAN GILFILLAN INC.
165 West Street
Sandton
Johannesburg, 2146
Telephone: (011) 669-9000
Fax: (011) 669-9001



GUARANTEE

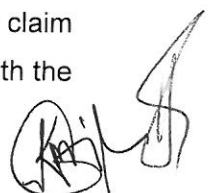
We, the undersigned,

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA (the **Guarantor**),

hereby, irrevocably and unconditionally guarantee (as primary obligor and not merely as surety) to the holders (the "**Noteholders**") of notes issued and settled by Denel SOC Ltd (the **Issuer**) during the period commencing on the date of signature of this Guarantee up to and including 30 September 2017 in an aggregate principal amount of up to ZAR1,850,000,000 (the **Notes**) under its ZAR2,200,000,000 Domestic Medium Term Note Programme (the "**Programme**") on the terms and conditions in the Amended and Restated Programme Memorandum dated September 2012 (the **Terms and Conditions**), the due and punctual performance by the Issuer of payment of principal and/or interest in respect of the Notes.

The obligations of the Guarantor under this Guarantee constitute the unconditional and unsecured obligations of the Guarantor and will rank (subject to any obligations preferred by law) *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor.

1. Terms used but not defined herein have the meanings set forth in the Terms and Conditions.
2. This Guarantee shall be binding on the Guarantor and shall continue to be binding on the Guarantor and, with respect to any payment, or any part thereof, of principal and/or interest on any Note that is rescinded or must otherwise be returned by the Paying Agent or any Noteholder if such rescission or return of payment has been compelled by law as the result of the insolvency of any of the Issuer or any other person or if such rescission or return of payment is a result of any law, regulation or decree applicable to the Issuer or such persons.
3. This Guarantee shall endure from date of signature of this Guarantee, and shall remain in full force and effect up to and including 30 September 2017.
4. The Guarantor hereby renounces all benefits arising from the legal exceptions "*non numeratae pecuniae*" (no money was paid over), "*non causa debiti*" (lack of actionable debt) "*errore calculi*" (mistake in calculation of amount due) and "*beneficia excussionis et divisionis*" (the benefits of excussion and division), the force and effect of which the Guarantor hereby declares it to be fully acquainted.
5. Until all sums of money, obligations and liabilities due, owing or incurred by the Issuer to the Noteholders under the Notes have been paid or discharged in full, the Guarantor waives all rights of subrogation and indemnity against the Issuer and agrees not to claim any set-off or counterclaim against the Issuer or to claim or prove in competition with the



Noteholders or any of them in the event of the bankruptcy, insolvency or liquidation of the Issuer or to have any benefit of or any share in any other guarantee or security now or hereafter held for the benefit of the Noteholders.

6. The Guarantor hereby undertakes to the Noteholders that it has not taken or received, and that until all moneys, obligations and liabilities due, owing or incurred by the Issuer under the Notes have been paid and performed in full, it will not take or receive, any security or lien from the Issuer in respect of the granting of this Guarantee.
7. No action in respect of any collateral or security given by the Issuer, or any other persons, in respect of the Notes is required to be taken before action is taken against the Guarantor under this Guarantee, and the existence or enforceability of this Guarantee shall not affect or be affected by any other security held in respect of the Issuer's obligations under the Notes.
8. The Guarantor hereby undertakes that so long as any of the Issuer's obligations under the Notes remain to be performed, it will obtain or cause to be obtained and maintained in full force and effect all consents which may from time to time be necessary for the continued due performance by the Guarantor of all its obligations under this Guarantee.
9. Upon the happening of an Event of Default, as contemplated in Condition 16.1 of the Terms and Conditions, a demand made under this Guarantee by any Noteholder shall be made in writing to the Guarantor at the address specified below.
10. All payments made under this Guarantee shall be made *mutatis mutandis* in accordance with Conditions 9 and 11 of the Terms and Conditions.
11. Payment to the Paying Agent under this Guarantee shall:
 - 11.1 be made by the Guarantor to the Paying Agent not later than 3 (three) Business Days after receipt of a demand in accordance with clause 9;
 - 11.2 discharge the Guarantor of its applicable obligations to Noteholders under this Guarantee; and
 - 11.3 *pro tanto* discharge the Issuer of its corresponding obligations to Noteholders under the Notes.
12. Each notice, demand or other communication under this Guarantee shall be in writing delivered personally or by recognised courier or facsimile and be deemed to have been given:
 - 12.1 in the case of a facsimile, on this 1st (first) Business Day following the date of transmission; and
 - 12.2 in the case of a letter, when delivered; and

12.3 be sent to the Guarantor at:

Minister of Public Enterprises
Suite 401
Infotech Building
1090 Arcadia Street
Hatfield
Pretoria, 0028
Republic of South Africa
Facsimile: (012) 431 1040
Attention: The Director-General:
Department of Public Enterprises

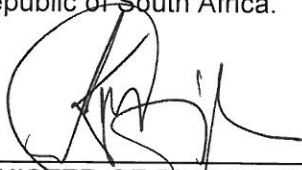
or to such other address in South Africa or facsimile number as is notified from time to time by the Guarantor to the Noteholders in accordance with Condition 18 of the Terms and Conditions.

- 12.4 The Guarantor chooses the above address as its *domicilium citandi et executandi* for all purposes under this Guarantee, whether in respect of court process, notices or other documents or communications of whatsoever nature.
13. This Guarantee is, and all rights and obligations relating to this Guarantee are, governed by, and shall be construed in accordance with, the laws of South Africa.
14. The Guarantor agrees for the benefit of the Noteholders that the North Gauteng High Court, Pretoria, South Africa shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes which may arise out of or in connection with this Guarantee and, for such purposes, irrevocably submits to the jurisdiction of such court.
15. This Guarantee will be deposited with, and be held by, the Paying Agent until the date on which all of the obligations of the Issuer under or in respect of the Notes have been discharged in full. The Guarantor acknowledges and agrees that each Noteholder shall be entitled to require the Paying Agent to produce the original of this Guarantee on request and further shall be entitled to require the Paying Agent, which shall be obliged, to provide a copy of this Guarantee to that Noteholder on request.
16. This Guarantee constitutes the whole undertaking relating to the subject matter hereof. No amendment or consensual cancellation of this Guarantee or any provision or term hereof shall be binding unless approved by Extraordinary Resolution of Noteholders and thereafter recorded in a written document signed by the Guarantor. Any waiver or relaxation or suspension given or made shall be strictly construed as relating strictly to the matter in respect whereof it was made or given.

A handwritten signature in black ink, appearing to be a stylized representation of the letters 'K' and 'S' or similar, located in the bottom right corner of the page.

Thus signed and executed by the Minister of Public Enterprises in concurrence with the Minister of Finance duly authorised thereto in terms of section 70 of the Public Finance Management Act, 1999 (as amended) and that it is in the public interest so to do.

EXECUTED as a deed under seal by the Guarantor and signed and delivered as a deed on its behalf by the Minister of Public Enterprises in concurrence with the Minister of Finance of the Republic of South Africa.

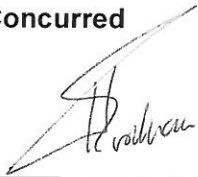


MINISTER OF PUBLIC ENTERPRISES

Date: 2012/09/28

Place: PRETORIA

Concurred



MINISTER OF FINANCE

Date: 2012-09-28

Place: Pretoria