
APPLICABLE PRICING SUPPLEMENT

**DENEL SOC LTD**

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

Issue of ZAR90,000,000 Senior Unsecured Floating Rate Notes due 10 June 2018**Issued 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.	Dealer	Regiments Securities Limited;
3.	Debt Sponsor	Nedbank Limited, acting through its Nedbank Capital division
4.	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
5.	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
6.	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

7.	Status of Notes	Senior Unsecured
8.	Form of Notes	Unlisted Registered Notes

9.	Series Number	40
10.	Tranche Number	1
11.	Aggregate Nominal Amount:	
	(a) Series	ZAR90,000,000
	(b) Tranche	ZAR90,000,000
12.	Interest	Interest-bearing
13.	Interest / Payment Basis	Floating Rate
14.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
15.	Form of Notes	The Notes in this Tranche are issued in uncertificated form and held by the CSD
16.	Issue Date	17 July 2014
17.	Nominal Amount	ZAR1,000,000
18.	Specified Denomination	ZAR1,000,000
19.	Specified Currency	ZAR
20.	Issue Price	100 percent
21.	Interest Commencement Date	17 July 2014
22.	Maturity Date	10 June 2018
23.	Applicable Business Day Convention	Modified Following Business Day
24.	Final Redemption Amount	100 percent of Nominal Amount
25.	Last Day to Register	by 17:00 on 30 August, 29 November, 27 February and 30 May, of each year until the Maturity Date
26.	Books Closed Period(s)	The Register will be closed from 31 August to 9 September, 30 November to 9 December, 28 February to 9 March and 31 May to 9 June of each year until the Maturity Date
27.	Default Rate	N/A

FIXED RATE NOTES

FLOATING RATE NOTES

28.	(a) Interest Payment Date(s)	10 September, 10 December, 10 March and 10 June of each year until the Maturity Date
29.	(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 17 July 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	280 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)	10 September, 10 December, 10 March and 10 June of each year until the Maturity Date with the first Interest Determination Date being 14 July 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 for determining Rate of Interest/Margin/Fallback provisions	N/A
35.	Calculation Agent responsible for calculating amount of principal and interest	N/A

ZERO COUPON NOTES N/A

PROVISIONS REGARDING REDEMPTION/MATURITY

36.	Redemption at the Option of the Issuer:	No
37.	Redemption at the Option of the Senior Noteholders:	No
38.	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
39.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required).	Yes

GENERAL

40.	Financial Exchange	N/A
41.	Additional selling restrictions	N/A
42.	ISIN No.	ZAG000117888
43.	Stock Code	DEN40U
44.	Stabilising manager	N/A
45.	Provisions relating to stabilisation	N/A
46.	Method of distribution	Private Placement
47.	Credit Rating assigned to the Issuer / Programme / Notes	Long Term: AAA(zaf)/Stable Short Term: F1+(zaf)
48.	Applicable Rating Agency	by Fitch Southern Africa Proprietary Limited dated January 2014, to be reviewed annually
49.	Governing law (if the laws of South Africa are not applicable)	N/A
50.	Other provisions	N/A

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

51. Paragraph 3(5)(a)
The “*ultimate borrower*” (as defined in the Commercial Paper Regulations) is the Issuer.
52. 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.
53. Paragraph 3(5)(c)
The auditor of the Issuer is SizweNtsalubaGobodo Incorporated.
54. Paragraph 3(5)(d)
As at the date of this issue:
- (i) the Issuer has issued ZAR2,050,000,000 (exclusive of this issue) Commercial Paper (as defined in the Commercial Paper Regulations); and
 - (ii) the Issuer estimates that it may issue ZAR200,000,000 of Commercial Paper during the current financial year, ending 31 March 2015.
55. 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.
56. 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.
57. Paragraph 3(5)(g)
The Notes issued will be unlisted.

58. 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.

59. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured and have not been guaranteed by the Government of the Republic of South Africa.

60. Paragraph 3(5)(i)

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. Application will not be made to list this issue of Notes. 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.

SIGNED at Sandton on this 16th day of July 2014.



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



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