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## APPLICABLE PRICING SUPPLEMENT

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### DENEL SOC LTD

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

**Issue of ZAR585,000,000 Senior Unsecured 6.8600% Fixed Rate Notes due 29 September 2017  
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	48
11.	Tranche Number	1
12.	Aggregate Nominal Amount:	
	(a) Series	ZAR585,000,000
	(b) Tranche	ZAR585,000,000
13.	Interest	Interest-bearing
14.	Interest / Payment Basis	Fixed 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	28 January 2013
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	28 January 2013
23.	Maturity Date	29 September 2017
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 18 March and 18 September of each year until the Maturity Date
27.	Books Closed Period(s)	The Register will be closed from 19 March to 28 March and 19 September to 28 September of each year until the Maturity Date
28.	Default Rate	N/A

**FIXED RATE NOTES**

29.	(a)	Fixed Rate of Interest	6.8600 percent payable in arrears
	(b)	Fixed Interest Payment Date(s)	29 March and 29 September of each year until the Maturity Date with the first Interest Payment Date being 29 September 2013
	(c)	Fixed Coupon Amount(s)	N/A
	(d)	Initial Broken Amount	N/A
	(e)	Final Broken Amount	N/A
	(f)	Determination Date(s)	N/A
	(g)	Any other terms relating to the particular method of calculating interest	N/A

**FLOATING RATE NOTES** N/A

**ZERO COUPON NOTES** N/A

**PROVISIONS REGARDING REDEMPTION/MATURITY**

30.	Redemption at the Option of the Issuer:	No
31.	Redemption at the Option of the Senior Noteholders:	No
32.	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
33.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required).	Yes

**GENERAL**

34.	Financial Exchange	Interest Rate Market of the JSE
35.	Additional selling restrictions	N/A
36.	ISIN No.	ZAG000102757
37.	Stock Code	DENG44
38.	Stabilising manager	N/A
39.	Provisions relating to stabilisation	N/A
40.	Method of distribution	Auction

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| 41. | Credit Rating assigned to the Issuer / Programme / Notes       | Long Term: AA-(zaf)<br>Short Term: F1+(zaf)   |
| 42. | Applicable Rating Agency                                       | by Fitch Southern Africa Proprietary Limited dated 14 January 2013, to be reviewed annually |
| 43. | Governing law (if the laws of South Africa are not applicable) | N/A   |

44. 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**

45. Paragraph 3(5)(a)  
The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is the Issuer.
46. 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.
47. Paragraph 3(5)(c)  
The auditor of the Issuer is SizweNtsalubaGobodo Incorporated.
48. Paragraph 3(5)(d)  
As at the date of this issue:
- (i) the Issuer has issued ZAR1,850,000,000 Commercial Paper (as defined in the Commercial Paper Regulations), including this issue; and
  - (ii) the Issuer estimates that it may issue ZAR2,200,000,000 of Commercial Paper during the current financial year, ending 31 March 2013.
49. 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.
50. 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.
51. Paragraph 3(5)(g)  
The Notes issued will be listed.
52. 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.
53. 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.
54. 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 28 January 2013.

**SIGNED** at JOHANNESBURG on this \_\_\_\_\_ day of January 2013.

For and on behalf of  
**DENEL SOC LTD**

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

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

**GUARANTEE**