

March 11-13, 2012
Westin Hotel
Cape Town, South Africa

IBTTA Transportation Summit of South Africa

CFO's Soliloquy

“To hedge, or not to hedge? that is the question

Whether 'tis nobler in your bank account to suffer

**The pain and losses of outrageous oil prices, interest rates
and currency fluctuations**

Or to take out hedging contracts

And thus end or, at the very least, contain them”

**WJ Crosse
N3 Toll Concession (Pty) Ltd**

N3TC Hedging Strategy Background

1. At Financial Close

- Bitumen Exposure : Lump Sum Contracts
- Interest Rate Exposure : Fixed Rate Debt
CPI Linked Debt
EIB Loan
- EIB Loan : Currency and Interest Rate Swap

2. Fast Forward

- Contractor incurs heavy losses during ICW
 - Bitumen costs a significant contributor
- Settlement Agreement : 2005
 - N3TC releases contractor from its obligations

3. N3TC has risk of contract price fluctuations

- Determined to have protection against exposure

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N3TC Hedging Strategy Implementation

- 1. Hedging Strategy developed in 2006**
 - Financial and Commodity Hedges
 - Approved by Board
- 2. Commodity Hedges taken out**
 - Cap Options
- 3. Preference Share Issue : 2008**
 - Dividend linked to JIBAR
 - Seven Year Cap Options
- 4. Hedges actively managed**
- 5. Objectives achieved**
 - Protection
 - Bottom Line Improvement