

KPLC WILL NOT BE SPLIT

The business story that appeared in a section of the press on Tuesday, 14th October, 2008 titled 'KPLC split could shrink its stock' contains misrepresentation of facts regarding the Kenya Power and Lighting Company (KPLC) assets and shares, which the Company would like to correct at this early opportunity.

The facts regarding the creation of a new electricity transmission entity by the Government are as follows:

- The Government has decided to create a new electricity transmission company wholly owned by the Government and to be directly funded from the exchequer. This will ensure electricity customers do not have to fund the expensive transmission network through the retail tariff. In this regard, the Government has allocated Shs.750 million this financial year to set up the company;
- The new company will be responsible for building new transmission lines; and
- The new company **WILL NOT** be hived off or separated from KPLC nor will it take over transmission assets currently owned and operated by KPLC.
- Consequently, the issue of KPLC shares being split or slashed, or its asset base being eroded as alleged in the aforesaid article does not arise.

The KPLC Board of Directors and Management would like to assure shareholders and other stakeholders that the move by the Government to create its own transmission company will in no way adversely affect the value of KPLC shares, and neither will it erode the Company's asset portfolio. KPLC WILL NOT be unbundled as alleged.

The Board also wishes to assure shareholders that KPLC remains a strong business enterprise with the fundamentals for strong financial and technical performance now and in the future.



KPLC CORPORATE COMMUNICATIONS

The Kenya Power & Lighting
Co. Ltd.