

THE KENYA POWER & LIGHTING COMPANY LIMITED

SHARE CAPITAL RESTRUCTURING

PUBLIC ANNOUNCEMENT

The authorised share capital of the Kenya Power & Lighting Company Limited (KPLC) is KShs. 18 billion out of which KShs.15.9 billion or 90.72%, comprises redeemable non-cumulative preference shares with an interest coupon of 7.85% owned by the Government. All the shares have a par value of KShs. 20/. As part of measures to strengthen the balance sheet and enhance the affordability of its shares in the market; and after consultations and approval by the Government, KPLC intends to restructure its capital base in the manner set out below, subject to approval by its shareholders and regulators, including the Capital Markets Authority:

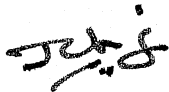
- a) Conversion of about 87% of the 7.85% Redeemable Non- Cumulative Preference Shares owned by the Government into ordinary shares by way of redemption of the Redeemable Non-Cumulative Preference Shares and issuance of new ordinary shares to the Government;
- b) Floatation of a rights issue where the Government will renounce some of its rights and trade the same at the Nairobi Stock Exchange; and
- c) Carry out a share split of the shares of KPLC to smaller denomination.

These measures are expected to be implemented during the first half of 2010.

Further details of the above exercise are being finalised and will be communicated to the public in due course.

The shareholders of KPLC and the public are advised to exercise caution when dealing in the shares of KPLC.

By order of the Board



ENG. JOSEPH NJOROGE, MBS
MANAGING DIRECTOR & CEO

19th November 2009