

Ref: SECK/KSE/14

Dated: 08 May 2014

Mr. Muhammad Ghufraan
Deputy General Manager
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi
Fax: 111 – 573 – 329

Subject: Disclosure of Material Information – K-Electric to initiate un-bundling of core functions of power generation, transmission/distribution into separate entities.

Dear Sir,

Pursuant to the requirement of Code of Corporate Governance (CCG) and the Listing Regulations of the esteemed Exchange, we are pleased to announce that the Board of Directors (BOD) of K-Electric (KE), in line with its vision to develop best possible mode of functioning in the greater interest of its customers, has decided, in principle, to initiate the process to un-bundle KE's operations into independent entities for electricity generation and transmission/distribution. K-Electric has been operating as the only integrated Power Company in the country which carries out all the tasks under the same banner and management while serving an incomparable 2.2 million customers spread over a coverage area of around 6,500 square kilometers. The un-bundling of KE's core functions, will provide the independent entities ample opportunity to utilize optimum potential of each unit for efficiency enhancement and value creation through shift from integrated utility model. Moreover, KE's un-bundling would also enhance manageability of each business entity and would add value for all stakeholders.

KE BOD has authorized the management to initiate and finalize engagement of a Corporate Legal Consultant and Tax Consultant to finalize unbundling structure.

It is pertinent to mention that the in-principle approval KE BOD has given to the company's management to initiate the process to un-bundle the integrated utility into separate generation, transmission/distribution entities, is subject to all requisite statutory approvals and consents of shareholders, regulatory bodies, legal constituents, lending institutions and others and completion of all corporate and legal actions required for the purpose.

Trust this will meet the requirement of Listing Regulations and CCG.

Yours truly,



Muhammad Rizwan Dalia

Director Finance & Company Secretary

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| Copy to: 1. The Secretary, Lahore Stock Exchange Limited, Lahore | Fax: 042 – 3636 8485 |
| 2. The Secretary, Islamabad Stock Exchange Limited, Islamabad | Fax: 051 – 111 473 329 |
| 3. The Securities & Exchange Commission of Pakistan, Islamabad | Fax: 051-9218592/9204915 |
| 4. The Registrar, Joint Stock Companies, SECP, Karachi | Fax: 021 – 99213278 |
| 5. Central Depository Company of Pakistan Ltd. | Fax: 021 – 3432 6034 |
| 6. CDC Share Registrar Services | Fax: 021 – 3432 6053 |

Formerly Karachi Electric Supply Company Limited

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