

Ref: KAPCO/2020/K-3/L-003
August 20, 2020The General Manager
Pakistan Stock Exchange
Stock Exchange Building
Karachi**Disclosure of Material Information**

Dear Sir:

In accordance with section 96 of the Securities Act, 2015 and clause 5.6.1 of PSX Regulations, we hereby inform you that Kot Addu Power Company Limited (the Company) and the Committee for Negotiations with Independent Private Power Producers notified by Government of Pakistan have entered into a Memorandum of Understanding (MoU).

The terms of the MoU are, inter alia, that the existing capacity payments and variable O&M shall be reduced by 11%; USD exchange rate and US CPI indexations shall be discontinued on 50% of the reduced capacity payment (which shall be fixed at National Bank of Pakistan's TT/OD selling PKR/USD exchange rate prevailing as on August 12, 2020 without any local or international currency indexation or inflation adjustment for the future); USD exchange rate and US CPI indexations on reduced variable O&M and 50% of the reduced capacity payment shall continue as per existing arrangement; without prejudice to the terms of its generation license the Company will support and participate in the Competitive Trading Arrangement when it is implemented and becomes fully operational

Further, under the MoU, the parties/GoP shall look into the possibility of extension/renewal of the Company's Power Purchase Agreement beyond June 26, 2021 on terms and conditions to be mutually agreed keeping in view the commercial and technical viability of the Company's Power Plant; the MoU recognizes that payment of receivables of the Company is an integral part of the MoU as key consideration, and the power purchaser and GoP shall devise a mechanism for payment of the outstanding receivables within agreed time period which shall be reflected in the final agreement to be signed; the power purchaser shall ensure adherence to its contractual obligations, and GoP and power purchaser shall work towards resolution of the arbitration dispute. However, nothing in the MoU prejudices the positions and claims in the on-going arbitration proceedings between the Company and the power purchaser.

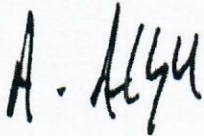
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**Power Project**
Kot Addu Power Complex
Kot Addu, District Muzaffargarh
Punjab - Pakistan
PABX +92 66 230 1041 - 49
Fax +92 66 230 1025**Registered Office**
Office No. 309, 3rd Floor
Evacuee Trust Complex
Agha Khan Road, F 5/1
Islamabad, Pakistan

The terms of the MoU are subject to the approval of Federal Cabinet and the Company's Board of Directors where after the Negotiation Committee and the Company shall agree and document details and procedures of the understandings, along with the Company's specific issues within an agreed timeframe, after which the same shall be submitted to relevant counterparties, to be followed by legal documentation to amend the tariffs and relevant agreements. Further, the terms of the MoU are subject to necessary corporate approvals.

You are requested to disseminate the information to the Members.

Yours faithfully,
for Kot Addu Power Company Limited



A. Anthony Rath
(Company Secretary)

Copy to:

Director/HOD
Surveillance, Supervision and Enforcement Department
Securities and Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue
Blue Area, Islamabad