

**SPEECH BY NSE CHAIRMAN MR. EDDY NJOROGE DURING THE BELL RINGING
SPONSORED BY THE KENYA POWER & LIGHTING COMPANY LTD (KPLC) AT NAIROBI
STOCK EXCHANGE (NSE) TRADING FLOOR, WEDNESDAY 16th FEBRUARY 2011.**

Your Excellency, Hon. Mwai Kibaki, C.G.H., President and Commander-In-Chief of the Armed Forces of the Republic of Kenya,

Your Excellency the First Lady, Mrs. Lucy Kibaki;

The Deputy Prime Minister and Minister for Finance, Hon. Uhuru Kenyatta;

The Minister for Energy, Hon. Kiraitu Murungi;

The Chairman, Board of Directors, Kenya Power and Lighting Company Ltd., Mr. Eliazar Ochola;

The Managing Director & CEO, Kenya Power and Lighting Company Ltd., Eng. Joseph Njoroge;

Distinguished Guests, Ladies and Gentlemen;

On behalf of the Board of Directors and Management of the Nairobi Stock Exchange, let me start by welcoming you all to this occasion. I am humbled by your presence in this endeavour to build our own Capital Market.

Your Excellency Sir,

It is barely four months since you witnessed the commencement of trading of the first tranche of the Housing Finance Ksh. 10 billion 7-Year Medium Term Note, in November last year. We at NSE are very grateful and delighted by your presence once again, to mark yet another milestone that will truly deepen our Capital Market.

This share split and rights issue could not have come at a better time. Besides adding about 489 million new ordinary shares into the stock market, it has come at a time when the country needs a reliable power transmission and distribution infrastructure in order to power Vision 2030 projects and programmes. No doubt the Ksh. 9.5 billion raised will go a long way in strengthening our power infrastructure.

Your Excellency, this listing has improved the liquidity at NSE. In the last seventeen (17) days the trading has been ongoing, we have witnessed a turnover of over Ksh. 1 billion. Such liquidity builds investor confidence, which in turn builds capital markets. A vibrant capital market is our dream. We envision a stock exchange where the government as well as public and private enterprises raises funds for development in sectors such as energy, roads, education, healthcare and other physical and social infrastructure. Your Excellency, we are actualizing this vision.

As an illustration on the progress we are making, the Government of Kenya raised approximately Ksh.150 billion through Treasury and Infrastructure Bonds last year. Besides this, listed companies raised about Ksh.25 billion in equity and Ksh.9.5 billion in debt.

Going forward we see a vibrant market. This year we anticipate new listings on our existing market segments as well as more Initial Public Offerings. We are aware of the role of Small & Medium Enterprises (SMEs) in building our economy. We are therefore working together with the Capital Markets Authority to develop rules and regulations for a market that will enable SMEs raise long-term funds for expansion.

Your Excellency Sir, we appreciate your government's support in the development of the policies necessary for the development of the capital market. Our next big step at the NSE is demutualisation. In line with the guidelines provided by the Finance Act 2010, we are working with our Members and the Capital Markets Authority to complete demutualisation by the second half of this year.

In addition to supporting continued growth in trading, we are set to invest about Ksh.100 million to improve the integrity of our trading systems. This will reduce the trading risks and boost investor confidence while facilitating greater access to our stock market.

Your Excellency, we have also set our eyes on the region. Your Government's commitment to the full implementation of the provisions of the East African Community (EAC) Common Market Protocol, has encouraged our listed companies to expand into the region. We anticipate more regional capital markets transactions and the NSE will continue doing its part to make Kenya the financial services hub of the East African Community.

As I conclude Your Excellency Sir, I seek your Government's support in providing the fiscal incentives necessary to spur this market. And with these remarks, it is my honour to welcome my colleague, Mr. Eliazar Ochola, Chairman of the Kenya Power & Lighting Company Ltd to make his speech.

Ladies and Gentlemen, please join me in welcoming Mr. Ochola.

EDDY NJOROGE
CHAIRMAN, NAIROBI STOCK EXCHANGE