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**RE: MINUTES OF THE MEETING HELD ON TUESDAY 1<sup>ST</sup> APRIL 2014  
JUDGEMENTS AGAINST THE REPUBLIC OF KENYA: FIRST  
MERCANTILE SECURITIES CORPORATION AND UNIVERSAL SATSPACE**

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**In Attendance:**

1. Muthoni Kimani - Senior Deputy Solicitor General
2. Felister Kivisi - The National Treasury
3. Charles Kairu - " "
4. Muin Malik - For First Mercantile and Universal Satspace
5. Henry Ongicho - " " "

**Taking notes Muthoni Kimani**

- 1.1 The meeting was a follow-up of the meeting of 28<sup>th</sup> March 2014 for the parties to agree on a settlement sum for the judgements in favour of the claimants and the terms of the settlement.
- 1.2 Mr. Malik was informed that the Republic was prepared to settle the judgement through one single payment payable at the end of April 2014, as opposed to the two installments proposed in the last meeting. In return the claimant was requested to accept the principal amount and forego all the interest on the two judgements.
- 1.3 First Mercantile judgement which has accrued interest doubling the principal amount in the judgement was the main focus of negotiations with a plea to the claimants to consider and accept the proposal by the Republic.
- 1.4 In response Mr. Malik in rejecting the offer to forego interest explained that in the previous meeting the CS had intimated adopting an interest rate of 4.75% as opposed to the contract rate of 8.75%. The 50% split off the interest resulted in the loss of USD\$187,951.00 as it reflected an interest rate of 4.375% which is lower than the 4.75% proposed. Payment in April as opposed to payment in July would reduce the amount by USD\$131,895.00 hence the new offer was not acceptable to his clients.

1.5 A further plea and a counter-offer to further reduce the 50% interest by half due to the improved terms of payment was also rejected by Mr. Malik but he would confirm the final position before close of business after obtaining instructions from his client.

1.6 The parties agreed in principle that pursuant to the English Rules of Procedure a letter signed on behalf of the judgement creditor and the Republic setting out the terms of agreement will be filed once the final amount is agreed upon.

1.7 Mr. Malik informed the meeting that if the terms are agreed the settlement letter should be signed by 8<sup>th</sup> April 2014.

Dated 1<sup>st</sup> April 2014

A handwritten signature in cursive script, appearing to be 'ML', is written below the date.

RE:MINUTES OF THE MEETING HELD ON FRIDAY 28<sup>TH</sup> MARCH 2014  
JUDGEMENTS AGAINST THE REPUBLIC OF KENYA: FIRST MERCANTILE  
SECURITIES CORPORATION AND UNIVERSAL SATSPACE

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In Attendance:

1. Githu Muigai - Attorney General
2. Henry Rotich - Cabinet Secretary National Treasury
3. Njee Muturi - Solicitor General
4. Muin Malik - } For First Mercantile and Satspace
5. Henry Ongicho - }
6. Mrs. Jane Otieno - Company Secretary Postal Corporation
7. Muthoni Kimani - Office of the Attorney General (taking minutes)

Absent with Apologies: Mr. Michael Mubea - EACC

1.1 The meeting was urgently convened by the Attorney General following the advice from Arnold & Porter, the international lead counsel, SNR Dentons counsel instructed to represent the Republic in the enforcement proceedings in the UK whose advice is that the judgements be resolved before the transaction is launched. The technical transaction advisors (JLMs) in the Sovereign Bond have also indicated that they would not initiate the road shows for the bond if the litigation issues are not resolved due to the risks of attachment posed by the judgement creditors.

1.2 A.H. Malik local counsel for the claimants had also undertaken to withhold the enforcement proceedings and as a last chance requested for a meeting to resolve the matters.

1.3 In view of the above the Attorney General has also advised on the need to enter into a settlement deed in the most favourable terms so as to avoid jeopardizing the issuance of the Sovereign Bond.

1.4 As at 28<sup>th</sup> February 2014 First Mercantiles Securities claim stood at USD\$ 10,679,685 and Universal Satspace North America LLC claim stood at USD\$ 8,091,421.

1.5 The Attorney General informed counsel for the claimants that the Republic was desirous of resolving these matters through an agreement and requested Mr. Muin Malik to be flexible and agree to a favorable settlement without recourse to the judgement award.

1.6 The Republic's offer was to pay the principal amount minus the interest 4,698,905 in First Mercantile USD\$5,893.500 and USD\$7.600,000 for Universal Satspace payable in two instalments 1<sup>st</sup> option Deposit of 350million upon signing of the agreement and the balance in July or in two instalments in two financial years.

1.7 The claimants rejected the offer and insisted on payment of the judgement awards as at 28<sup>th</sup> February (USD \$18,768,766) Universal Satspace is USD \$8,091,421 and First Mercantile is USD \$10,679,685

1.8 After protracted negotiations the claimants proposed payment of the principal amount of USD \$5,893,500 the interest be reduced by 50% to USD \$2,349,461 plus costs USD\$ 87,280.00 on terms that the 1<sup>st</sup> payment of 50% is made before 28<sup>th</sup> April 2014 and the balance before 31<sup>st</sup> July 2014.

1.9 Mr. Muin Malik will revert back this afternoon after confirming with his client together with the draft the settlement deed.

Dated 28<sup>th</sup> March 2014

