

A. Declaration of Dividend and change in load structure under Kotak Quarterly Interval Plan Series 1

Trustees to Kotak Mahindra Mutual Fund have approved record date of December 22, 2008 for declaration of dividend in the dividend option of Kotak Quarterly Interval Plan Series 1. Upto 100% of distributable surplus available as on record date will be paid as dividend, subject to the availability and adequacy of distributable surplus and deduction of applicable dividend distribution tax. The Face Value per Unit is Rs. 10, and the NAV on December 15, 2008 is Rs. 10.3175. The Specified Transaction Period is on December 22, 2008.

All Unit Holders of the Dividend Option of the Scheme who will submit valid redemptions/switch-out requests till 3.00 p.m. on December 22, 2008 will be entitled to receive the dividend. In respect of valid purchase/switch-in applications received till 3.00 p.m. the ex-dividend NAV of the day of receipt of application will be applicable and the eligible investors will be entitled for dividend declared, if any, for the next record date by the Trustee. Units will be allotted on STP date NAV

Change in the Load Structure with effect from December 22, 2008:

| Existing Structure | Revised Structure |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Entry Load: Nil | Entry Load: Nil |
| Exit Load: 1% , if redeemed anytime other than the Specified Transaction Period for redemptions/switch-outs | Exit Load: 1.5% , if redeemed anytime other than the Specified Transaction Period for redemptions/switch-outs |

Please note that the new load structure under the scheme will be applicable only on a prospective basis to Units purchased on or after December 22, 2008. All other terms and conditions as provided in the Scheme Information Document will continue to be applicable.

B. Declaration of Dividend under quarterly dividend option of below mentioned schemes.

Trustee to Kotak Mahindra Mutual Fund has approved the declaration of dividend subject to the availability and adequacy of distributable surplus and NAV growth under quarterly dividend option of the following schemes in accordance with the respective offer document of the schemes:

| Scheme Name | Recommended rate of dividend Rs. per unit* (Face value of Rs.10/- each) | Record Date | NAV as on December 15, 2008 |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------|-----------------------------|
| Kotak Mahindra Bond Unit Scheme 99 (Regular Plan) (Quarterly Dividend Option) | 0.6000 | December 22, 2008 | 11.6355 |
| Kotak Mahindra Bond Unit Scheme 99 (Deposit Plan) (Quarterly Dividend Option) | 0.7000 | December 22, 2008 | 13.7041 |
| Kotak Flexi Debt Scheme (Regular Plan) (Quarterly Dividend Option) | 0.2149 | December 22, 2008 | 10.3998 |
| Kotak Mahindra Gilt Unit Scheme 98 (PF & Trust Plan) (Quarterly Dividend Option) | 0.7500 | December 22, 2008 | 12.6103 |
| Kotak Mahindra Gilt Unit Scheme 98 (Regular Plan) (Quarterly Dividend Option) | 0.7500 | December 22, 2008 | 14.6157 |

* Amount available for distribution as on December 16, 2008. However, the actual distributable surplus available on the Record Date, subject to the maximum recommended rate as given above, will be distributed, which is subject to deduction of applicable dividend distribution tax.

All Unit Holders of the quarterly dividend option of the above schemes, whose name appears in the records of the Registrar, Computer Age Management Services Pvt. Ltd. as on December 22, 2008, will be entitled to receive the dividend.

Pursuant to payment of dividend, the NAV of the Dividend Option of the respective Scheme would fall to the extent of payout and statutory levy, if any.

**For Kotak Mahindra Asset Management Company Limited
Investment Manager – Kotak Mahindra Mutual Fund**

**Mumbai,
December 16, 2008**

**Sd/-
Sandesh Kirkire
Chief Executive Officer**

Any queries / clarifications in this regard may be addressed to :

Kotak Mahindra Asset Management Company Limited

Investment Manager – Kotak Mahindra Mutual Fund

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Highlights: Kotak Quarterly Interval Plan Series 1 (An interval debt fund the objective is to generate returns through investments in debt and money market instruments with a view to significantly reduce the interest rate risk.) **Kotak Mahindra Bond Unit Scheme 99** (An open ended debt scheme, the objective of the scheme is to create a portfolio of debt instruments of different maturities so as to spread the risk across a wide maturity horizon and different kinds of issuers in the debt markets). **Kotak Flexi Debt Scheme** (An open ended debt scheme, the objective of the scheme is to maximize returns through an active management of a portfolio of debt and money market securities). **Kotak Mahindra Gilt Unit Scheme 98** (An open ended dedicated gilts scheme, the objective of the scheme is to generate risk-free returns through investments in sovereign securities issued by the Central and/or State Government(s) and/or reverse repos in such securities.) Kotak Quarterly Interval Plan Series 1, Kotak Mahindra Bond Unit Scheme 99, Kotak Flexi Debt Scheme and Kotak Mahindra Gilt Unit Scheme 98 are only the names of the schemes and do not in any manner indicate the quality of the schemes, the future prospects or returns. **Risk Factors:** Mutual Fund investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme(s) would be achieved As with any securities investment, the NAV of the Units issued under the Scheme(s) can go up and down depending on the factors and forces affecting the capital and money markets. Past performance of the Sponsor/AMC/Fund or that of existing schemes of the Fund does not indicate the future performance of the Schemes. **Statutory:** Kotak Mahindra Mutual Fund is a Trust (Indian Trust Act, 1882). **Investment Manager:** Kotak Mahindra Asset Management Company Ltd. **Sponsor:** Kotak Mahindra Bank Ltd. (liability Rs. Nil). **Trustee:** Kotak Mahindra Trustee Company Ltd. **Please read the Offer Document of the scheme(s) for more information and risk factors. Offer document for the schemes is available on www.kotakmutual.com**