

**9-YEAR GOVERNMENT OF KENYA,
INFRASTRUCTURE BOND ISSUE NO. IFB 2/2010/9
DATED AUGUST 30, 2010**

An opportunity to invest in Government of Kenya Infrastructure Bond:

The Central Bank of Kenya as a fiscal agent for the Republic of Kenya invites bids for the above bond whose terms are as follows:-

- 1. Issuer** : Republic of Kenya
- 2. Amount** : Up to Kshs. **31.6 Billion**
- 3. Purpose** : To finance Infrastructure Projects in the following Sectors:
(i) Water, Sewerage and Irrigation
(ii) Roads
(iii) Energy
- 4. Period of Sale** : **06/08/2010 to 24/08/2010**
- 5. Value/Payment date** : **30/08/2010**. Payments of Kshs. 1 million and above must be made by 2.00p.m through KEPSS and for amounts below 1 million Bankers cheques are acceptable. Please provide the following details with each payment: investors' name, reference no. and CDS account number and include the 'Treasury Bonds Issues account no. 01-053-0001' when using KEPSS.
- 6. Price** : At Par, Discounted or Premium.
- 7. Minimum amount** : Kshs 100,000.
- 8. Coupon** : **6.00%** p.a payable semi-annually on outstanding principal amounts.
- 9. Interest payment dates** : 28/02/2011, 29/08/2011, 27/02/2012, 27/08/2012, 25/02/2013, 26/08/2013, 24/02/2014, 25/08/2014, 23/02/2015, 24/08/2015, 22/02/2016, 22/08/2016, 20/02/2017, 21/08/2017, 19/02/2018, 20/08/2018, 18/02/2019 and 19/08/2019.
- 10. Eligibility** : Only CDS accounts holders with updated mandates.
- 11. Issuance method** : Multi-Price Bid Auction.
- 12. Bids** : All investors are required to complete bond application forms.
- 13. Non- competitive bids** : Up to Kshs. 10 million per investor per CDS account
- 14. Bids Closure** : **2p.m. on Tuesday, August 24th, 2010.**
- 15. Auction Date** : **Wednesday, August 25th, 2010.**
- 16. Results** : Investors should obtain details of amounts payable for successful bids, from Central Bank on **Thursday August 26th, 2010.**
- 17. Re-opening** : The bond may be re-opened at a future date
- 18. Redemption Structure** : August 22nd, 2016 - 43.04% of outstanding principal amount
August 21st, 2017 - 26.53% of outstanding principal amount
August 19th, 2019 - Final redemption of all outstanding amounts
- 19. Amortization Amount** : Any outstanding amount of up to Ksh 1.0 million per CDS account at the time of amortization will be redeemed in full
- 20. Placing Agents** :
 - Commercial Banks
 - Non-Bank Financial Institutions
 - Licensed Stock Brokers
 - Licensed Investment Advisors
- 21. Defaulters** : Defaulters may be suspended from subsequent investment in Government Securities
- 22. Rediscounting** : Possible as a last resort. The bond will be rediscounted at 3% above the higher of prevailing market yield or coupon rate
- 23. Liquidity** : The Bond qualifies for statutory liquidity ratio requirements for commercial banks and non-bank financial institutions
- 24. Listing** : The Bond will be listed on the Nairobi Stock Exchange.
- 25. Trading** : Secondary trading in multiples of Kshs. 50,000 to commence on Tuesday, **August 31, 2010.**
- 26. Taxation** : All payments of discount/interest due will be free from withholding tax.
- 27. Right to accept applications** : The Central Bank reserves the right to accept bids in full or part thereof or reject them in total without giving any reason.

For further details contact any of the following:-

- Your Bank
- Brokers of Nairobi Stock Exchange and all Investment advisors, CBK Headquarters, CBK Branches in Mombasa, Kisumu, Eldoret and The Currency Centre in Nyeri or visit our website at www.centralbank.go.ke