

PRICE GUIDE FOR THE 30 YEAR SAVINGS DEVELOPMENT FIXED COUPON BOND FOR VARIOUS YIELD QUOTES

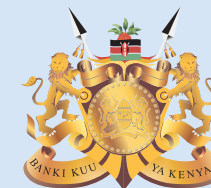
DISCOUNT / PREMIUM PRICE	100
PAR PRICE	100
SEMI-ANNUAL INTEREST AMOUNT (KSHS) (I)	6.000
YIELD TO MATURITY (YTM) DIVIDE BY TWO	r
INTEREST PAYMENT PERIOD (n)	60
COUPON RATE	12.000%
YIELD TO MATURITY (YTM)	12.000%

GENERAL FORMULA

$$P = \frac{I_1}{(1+r)^1} + \frac{I_2}{(1+r)^2} + \dots + \frac{I_n}{(1+r)^n} + \frac{FACEVALUE}{(1+r)^n}$$

YIELD(YTM)	PRICE
8.000%	145.247
8.125%	143.319
8.250%	141.434
8.375%	139.591
8.500%	137.787
8.625%	136.024
8.750%	134.298
8.875%	132.609
9.000%	130.957
9.125%	129.340
9.250%	127.757
9.375%	126.208
9.500%	124.690
9.625%	123.205
9.750%	121.750
9.875%	120.325
10.000%	118.929
10.125%	117.562
10.250%	116.222
10.375%	114.909
10.500%	113.623
10.625%	112.362
10.750%	111.125
10.875%	109.913
11.000%	108.725
11.125%	107.560
11.250%	106.417
11.375%	105.296
11.500%	104.196
11.625%	103.117
11.750%	102.058
11.875%	101.020
12.000%	100.000
12.125%	98.999
12.250%	98.017
12.375%	97.052
12.500%	96.105

YIELD(YTM)	PRICE
12.625%	95.175
12.750%	94.262
12.875%	93.365
13.000%	92.484
13.125%	91.618
13.250%	90.767
13.375%	89.931
13.500%	89.110
13.625%	88.302
13.750%	87.508
13.875%	86.728
14.000%	85.961
14.125%	85.206
14.250%	84.465
14.375%	83.735
14.500%	83.017
14.625%	82.311
14.750%	81.617
14.875%	80.933
15.000%	80.261
15.125%	79.599
15.250%	78.948
15.375%	78.307
15.500%	77.676
15.625%	77.054
15.750%	76.443
15.875%	75.840
16.000%	75.247
16.125%	74.663
16.250%	74.087
16.375%	73.520
16.500%	72.962
16.625%	72.412
16.750%	71.869
16.875%	71.335
17.000%	70.808
17.125%	70.289



CENTRAL BANK OF KENYA

**PROSPECTUS FOR
TREASURY BONDS**

**30 YEAR
SAVINGS DEVELOPMENT
FIXED COUPON BOND
ISSUE NO. SDB 1/2011/30
AND
2 YEAR FIXED COUPON BOND
ISSUE NO. FXD 1/2011/2**

TOTAL VALUE: UP TO KSHS 18 BILLION

For enquiries please contact Central Bank of Kenya, Financial Markets Department on 2860000 or our Branches Mombasa, Kisumu and Eldoret or Nyeri and Nakuru Currency Centres or any commercial bank, investment bank, stock brokers or send an email to NDO@centralbank.go.ke or visit the CBK website on www.centralbank.go.ke

SDB 1/2011/30 & FXD 1/2011/2

The Central Bank of Kenya, acting in its capacity as fiscal agent for the Republic of Kenya, invites bids for the above Bonds whose terms and conditions are as follows:-

Issuer : Republic of Kenya
Amount : Up to Kshs. **18 Billion**.
Purpose : Budgetary Support
Tenors : **30 Years**
: **2 Years**
Coupons : **30-Year - 12.00%**
: **2-Year - Market Derived**
Period of sale : **03/02/2011 to 22/02/2011**
Value Date : **28/02/2011**
Price Quote : Discounted/Premium/ Par
Minimum Amount : **Kshs. 50,000.00**

Interest Payment Dates:

2-Year

29/08/2011	17/02/2020	04/08/2031
27/02/2012	17/08/2020	02/02/2032
27/08/2012	15/02/2021	02/08/2032
25/02/2013	16/08/2021	31/01/2033

	14/02/2022	01/08/2033
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30-Year

29/08/2011	15/08/2022	30/01/2034
27/02/2012	13/02/2023	31/07/2034
27/08/2012	14/08/2023	29/01/2035
27/08/2012	12/02/2024	30/07/2035
25/02/2013	12/08/2024	28/01/2036
26/08/2013	10/02/2025	28/07/2036
24/02/2014	11/08/2025	26/01/2037
25/08/2014	09/02/2026	27/07/2037
23/02/2015	10/08/2026	25/01/2038
24/08/2015	08/02/2027	26/07/2038
22/02/2016	09/08/2027	24/01/2039
22/08/2016	07/02/2028	25/07/2039
20/02/2017	07/08/2028	23/01/2040
21/08/2017	05/02/2029	23/07/2040
19/02/2018	06/08/2029	21/01/2041
20/08/2018	04/02/2030	
18/02/2019	05/08/2030	
19/08/2019	03/02/2031	

Tax : Discount/interest is subject to withholding tax at rate of **15%** and **10%** for the 2 and 30 year bond respectively.

Redemption Dates : **2 Year- 25/02/2013**
30 Year - 21/01/2041

Issuing and Paying Agent : Registrar, National Debt.

Placing Agents :

- Commercial Banks
- Non-Bank Financial Institutions

- Licensed Stock Brokers
- Licensed Investment Advisors

Issuance method : Multi-Price Bid Auction
Non-Competitive Bids : Maximum **Kshs 20 Million** per investor per tenor.
Bids Closure : Duly completed bond application forms must be submitted to any branch or currency centre of the Central Bank of Kenya in the specified tender box by **2.00 pm on Tuesday February 22, 2011**.

Auction Date : **23/02/2011**
Results : Investors should obtain details of amounts payable for successful bids, from Central Bank on **24/02/2011**

Defaulters : Defaulters may be suspended from subsequent investment in Government Securities.

Commission : Licensed placing agents will be paid commission at the rate of **0.15%** of actual sales (at cost) net of **5%** withholding tax.

Rediscounting : The Central Bank of Kenya will rediscount the bonds as a last resort at **3%** above the prevailing market yield or coupon rate whichever is higher, **upon written confirmation to do so from the Nairobi Stock Exchange**.

Liquidity : The bonds qualify for statutory liquidity ratio requirements for Commercial Banks and Non-Bank Financial Institutions as stipulated in the Banking Act CAP 488 of the Laws of Kenya.

Listing : The bonds will be listed on the Nairobi Stock Exchange.

Registrar : National Debt, Central Bank of Kenya.

Eligibility : Only CDS Account holders with updated mandates.

Re-opening : The Bonds may be re-opened at a future date.

Secondary Trading of the Bonds

: Secondary trading in multiples of KShs 50,000.00 to commence on **March 1, 2011**

Right to accept applications

: The Central Bank of Kenya reserves the right to accept bids in full or part thereof or reject them in total without giving any reason.

CDS Account Opening :

The CBK has appointed on a pilot basis 5 banks, namely, Kenya Commercial Bank, Equity Bank, National Bank, Co-operative Bank and Kenya Post Office Savings Bank to facilitate opening of CDS accounts.

DIRECTOR, FINANCIAL MARKETS DEPARTMENT

CENTRAL BANK OF KENYA

February 2011