

CLEAN PRICES FOR THE RE-OPENED 2 YEAR (FXD2/2011/2) BOND (1.750 YRS TO MATURITY) AT 7.439% P.A. COUPON FOR VARIOUS YIELD QUOTES

YIELD(YTM)	PRICE
7.00%	100.695
7.125%	100.492
7.250%	100.289
7.375%	100.086
7.439%	99.983
7.500%	99.885
7.625%	99.683
7.750%	99.482
7.875%	99.282
8.000%	99.082
8.125%	98.883
8.250%	98.684
8.375%	98.486
8.500%	98.289
8.625%	98.091
8.750%	97.895
8.875%	97.699
9.000%	97.503
9.125%	97.308
9.250%	97.114
9.375%	96.920
9.500%	96.726
9.625%	96.533
9.750%	96.341
9.875%	96.149
10.000%	95.957
10.125%	95.766
10.250%	95.576
10.375%	95.386
10.500%	95.196
10.625%	95.007
10.750%	94.819
10.875%	94.631
11.000%	94.443
11.125%	94.256
11.250%	94.070
11.375%	93.884

CLEAN PRICES FOR THE RE-OPENED 10YEAR (FXD2/2010/10) BOND (9.269 YRS TO MATURITY) AT 9.307% P.A. COUPON FOR VARIOUS YIELD QUOTES

YIELD(YTM)	PRICE
7.00%	115.920
7.125%	114.600
7.250%	113.689
7.375%	112.768
7.500%	111.896
7.625%	111.013
7.750%	110.140
7.875%	109.275
8.000%	108.419
8.125%	107.571
8.250%	106.733
8.375%	105.903
8.500%	105.081
8.625%	104.268
8.750%	103.463
8.875%	102.666
9.000%	101.877
9.125%	101.096
9.250%	100.324
9.307%	99.974
9.375%	99.558
9.500%	98.801
9.625%	98.051
9.750%	97.309
9.875%	96.574
10.000%	95.847
10.125%	95.127
10.250%	94.414
10.375%	93.708
10.500%	93.009
10.625%	92.317
10.750%	91.632
10.875%	90.954
11.000%	90.282
11.125%	89.618
11.250%	88.959
11.375%	88.308
11.500%	87.662
11.625%	87.023

IMPORTANT INFORMATION

The bond attracts Accrued Interest (AI) of Ksh 1.860 per Ksh 100. Withholding Tax is computed on clean prices. Example: If yield quoted is 7.439%, Settlement price is the clean price (Ksh 99.983) plus AI (Ksh 1.860) which gives Ksh 101.843.

IMPORTANT INFORMATION

The bond attracts Accrued Interest (AI) of Ksh 2.148 per Ksh 100. Withholding Tax is computed on clean prices. Example: If yield quoted is 9.307%, Settlement price is the clean price (Ksh 99.974) plus AI (Ksh 2.148) which gives Ksh 102.121.



CENTRAL BANK OF KENYA

**PROSPECTUS FOR THE
RE-OPENING OF TREASURY BONDS**

ISSUE NOS. FXD 2/2011/2 AND FXD 2/2010/10

TOTAL VALUE: UP TO KSHS 13 BILLION

For enquiries please contact Central Bank of Kenya, Financial Markets Department on 2860000 or our Branches Mombasa, Kisumu and Eldoret or Nyeri, Meru 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

FXD 2/2011/2 AND FXD 2/2010/10

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. 13 Billion
Purpose	:	Budgetary Support
Tenors	:	Ten Year - Reopen (9.269 yrs) Two Year - Reopen (1.750yrs)
Coupons	:	2-Year - 7.439% 10-Year - 9.307%
Period of sale	:	07/07/2011 to 19/07/2011
Value Date	:	25/07/2011
Price Quote	:	Discounted/Premium/ Par
Minimum Amount	:	Kshs. 50,000.00
Interest Payment Dates:		
20 - Year		
		31/10/2011 24/04/2017
		30/04/2012 23/10/2017
		29/10/2012 23/04/2018
		29/04/2013 22/10/2018
		28/10/2013 22/04/2019
		28/04/2014 21/10/2019
		27/10/2014 20/04/2020
		27/04/2015 19/10/2020
		26/10/2015
		25/04/2016
		24/10/2016
2- Year		
		24/10/2011
		23/04/2012
		22/10/2012
		22/04/2013
Tax	:	Discount/interest is subject to withholding tax at rate of 10 % for 10 year and 15% for the 2 year.
Redemption Dates	:	10 Year - 19/10/2020 2 Year - 22/04/2013
Issuing and Paying Agent	:	Registrar, National Debt.
Placing Agents:		
<ul style="list-style-type: none">• 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 of the Central Bank in the specified tender box by 2.00 p.m on Tuesday July 19, 2011.
Auction Date	:	20/07/2011
Results	:	Investors should obtain details of amounts payable for successful bids, from Central Bank on 21/07/2011.
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 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 July 26, 2011
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.
CDS Account Opening:		
	:	The Central Bank 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, receiving bid application forms and payment for successful bids.