

PRICE GUIDE FOR 2 YEAR FIXED COUPON TREASURY BOND AT 10.50% COUPON AT VARIOUS YIELDS

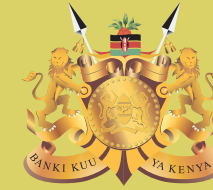
PRICE
 PAR PRICE
 SEMI-ANNUAL INTEREST AMOUNT (KSHS)
 YIELD TO MATURITY (YTM) DIVIDE BY TWO
 INTEREST PAYMENT PERIOD
 COUPON RATE
 YIELD TO MATURITY (YTM)

P
 100
 5.25
 r
 4
 10.500%
 10.500%

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

YIELD (YTM)	PRICE
8.000	104.537
8.125	104.304
8.250	104.072
8.375	103.840
8.500	103.609
8.625	103.378
8.750	103.148
8.875	102.919
9.000	102.691
9.125	102.463
9.250	102.236
9.375	102.009
9.500	101.783
9.625	101.558
9.750	101.334
9.875	101.110
10.000	100.887
10.125	100.664
10.250	100.442
10.375	100.221
10.500	100.000
10.625	99.780
10.750	99.561
10.875	99.342
11.000	99.124
11.125	98.906
11.250	98.689
11.375	98.473
11.500	98.258
11.625	98.043
11.750	97.828
11.875	97.614
12.000	97.401
12.125	97.189
12.250	96.977
12.375	96.765
12.500	96.555

YIELD (YTM)	PRICE
12.625	96.345
12.750	96.135
12.875	95.926
13.000	95.718
13.125	95.510
13.250	95.303
13.375	95.096
13.500	94.890
13.625	94.685
13.750	94.480
13.875	94.276
14.000	94.072
14.125	93.869
14.250	93.667
14.375	93.465
14.500	93.264
14.625	93.063
14.750	92.863
14.875	92.663
15.000	92.464
15.125	92.266
15.250	92.068
15.375	91.870
15.500	91.673
15.625	91.477
15.750	91.281
15.875	91.086
16.000	90.892
16.125	90.698
16.250	90.504
16.375	90.311
16.500	90.119
16.625	89.927
16.750	89.735
16.875	89.545
17.000	89.354
17.125	89.165



CENTRAL BANK OF KENYA

**PROSPECTUS FOR TWO
 YEAR TREASURY BOND**

ISSUE NO. FXD 3/2011/2

TOTAL VALUE: UP TO KSHS 10 BILLION

SEPTEMBER 2011

For enquiries please contact Central Bank of Kenya, Financial Markets Department on 2860000 or our Branches in 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 3/2011/2

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

Issuer	: Republic of Kenya
Amount	: Up to Kshs. 10 Billion
Purpose	: Budgetary Support
Tenor	: Two Year
Coupon	: 10.50%p.a.
Period of sale	: 10/09/2011 to 20/09/2011
Value Date	: 26/09/2011
Price Quote	: Discounted/Premium/ Par
Minimum Amount	: Kshs. 50,000.00
Interest Payment Dates:	26/03/2012 24/09/2012 25/03/2013 23/09/2013
Tax	: Discount/Interest is subject to withholding tax at rate of 15%
Redemption Date	: 23/09/2013
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.
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 September 20, 2011.
Auction Date	: 21/09/2011

Results	: Investors should obtain details of amounts payable for successful bids, from Central Bank on 22/09/2011.
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 bond 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 bond qualifies 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 bond will be listed on the Nairobi Stock Exchange.
Registrar Eligibility	: National Debt, Central Bank of Kenya. Only CDS Account holders with updated mandates.
Re-opening Secondary Trading	: The Bond may be re-opened at a future date. Secondary trading in multiples of KShs 50,000.00 to commence on Tuesday, September 27, 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.