



## SECOND INFRASTRUCTURE BOND 12-YEAR FIXED COUPON ISSUE NO. IFB2/2009/12 DATED DECEMBER 7, 2009.

An opportunity to invest in Government of Kenya 12-Year 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:-

|                                   |   |   |
|-----------------------------------|---|---|
| <b>Issuer</b>                     | : | Republic of Kenya   |
| <b>Amount</b>                     | : | <b>Ksh 18,500mn</b>   |
| <b>Purpose</b>                    | : | To finance Infrastructure Projects in the following sectors during the Financial Year 2009-10: <ol style="list-style-type: none"> <li>1) <b>Water, Sewerage and Irrigation:</b> Construction of water Supplies in 186 districts (<b>Ksh 1,488.8mn</b>); Water Conservation and Construction of dams in 57 districts (<b>Ksh 2,895.2mn</b>); and Construction of Sewerage in 29 districts (<b>Ksh 78mn</b>)</li> <li>2) <b>Roads:</b> Construction of new roads in 23 districts (<b>Ksh 5,000.00 mn</b>); Overhaul &amp; Refurbishment of civil works in 44 districts (<b>Ksh 4,000.00 mn</b>)</li> <li>3) <b>Energy:</b> Geothermal Resources and Exploration (<b>Ksh 3,505.00mn</b>); and Rural Electrification for 130 districts (<b>Ksh 1,533.00mn</b>)</li> </ol> |
| <b>Tenor</b>                      | : | <b>Twelve (12) Years</b>  |
| <b>Price</b>                      | : | Par, Discounted or Premium  |
| <b>Period of Sale</b>             | : | 12/11/2009 to 01/12/2009  |
| <b>Value Date</b>                 | : | <b>December 7, 2009</b>   |
| <b>Minimum Amount</b>             | : | Kshs. 100,000   |
| <b>Interest Rate (%)</b>          | : | <b>12.00% p.a.</b> payable semi-annually on outstanding principal amount  |
| <b>Interest Payment Dates</b>     | : | 07/06/2010, 06/12/2010, 06/06/2011, 05/12/2011, 04/06/2012, 03/12/2012, 03/06/2013, 02/12/2013, 02/06/2014, 01/12/2014, 01/06/2015, 30/11/2015, 30/05/2016, 28/11/2016, 29/05/2017, 27/11/2017, 28/05/2018, 26/11/2018, 27/05/2019, 25/11/2019, 25/05/2020, 23/11/2020, 24/05/2021, 22/11/2021  |
| <b>Taxation</b>                   | : | All payments of discount / interest due will be tax exempt  |
| <b>Redemption Structure</b>       | : | <b>November 30<sup>th</sup>, 2015 – 49%</b> of outstanding principal amount<br><b>November 26<sup>th</sup>, 2018 – 53%</b> of outstanding principal amount<br><b>November 22<sup>nd</sup>, 2021 – Final</b> redemption of all outstanding amounts   |
| <b>Amortization Amount</b>        | : | Any outstanding amount up to <b>Ksh 1.0million</b> per CDS account at the time of amortization will be redeemed in full.  |
| <b>Issuing &amp; paying Agent</b> | : | The Central Bank of Kenya will receive and/or make all payments related to issuance, interest and principal on behalf of the Issuer   |
| <b>Placing Agents</b>             | : | Commercial Banks, Non-Bank Financial Institutions, and Licensed Stock Brokers, Investment Banks and Investment Advisors   |
| <b>Issuance Method</b>            | : | Open Public Auctions.   |
| <b>Auction Method</b>             | : | Multiple Price Auction  |
| <b>Non-Competitive Bids</b>       | : | <b>No Upper Limit on the bid amount</b>   |
| <b>Bids Closure</b>               | : | <b>Tuesday 2.00p.m, December 1, 2009</b>  |
| <b>Auction Date</b>               | : | <b>Wednesday, 2 December 2009</b>   |
| <b>Allotment</b>                  | : | The bond may be prorated and/or allotted at the cut off price in accordance with the auction rules.   |
| <b>Results</b>                    | : | Investors should obtain details of amounts payable for successful bids, from Central Bank on the next working day after the auction.  |
| <b>Defaulters</b>                 | : | May be suspended from investing in subsequent Government securities   |
| <b>Commission</b>                 | : | Authorized placing agents will be paid commission at <b>0.15%</b> of actual sales at cost net of 5% withholding tax.  |
| <b>Rediscounting</b>              | : | The Central Bank will rediscount the Bond as a last resort at <b>3%</b> above the prevailing market yield or coupon rate whichever is higher, upon written confirmation to do so from the Nairobi Stock Exchange.   |
| <b>Liquidity</b>                  | : | 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.   |
| <b>Listing</b>                    | : | : The Bond will be listed for trading at the Nairobi Stock Exchange.  |
| <b>Registrar</b>                  | : | : National Debt, Central Bank of Kenya.   |
| <b>Eligibility</b>                | : | : Only CDS Account holders with updated mandates.   |
| <b>Secondary Trading</b>          | : | Fully paid up Securities will be available for secondary trading in multiples of <b>Ksh 50,000</b> from <b>December 8<sup>th</sup> 2009</b>   |
| <b>Right to accept bids</b>       | : | Central Bank reserves the right to accept bids in full or part thereof or reject them in total without giving any reason  |
| <b>Additional Information</b>     | : | Additional Information to guide investors to make informed decisions may be obtained from Director of Debt Management, Treasury (Issuer) Director Monetary Operations and Debt Management, CBK (Agent), CBK Website and Authorised Placement Agents   |

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 and Eldoret or visit our website at [www.centralbank.go.ke](http://www.centralbank.go.ke)