

ISSUE NO. FXD 1/2008/15

The Central Bank of Kenya, acting in its capacity as a 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 : Kshs. 7,000M

Purpose (i) Maturities: **Kshs. 5,683.94M**
(ii) New Borrowing: **Kshs. 1,316.06M**

Tenor : **Fifteen Years**

Coupon : **12.50%**

Period of Sale : **14/03/2008 to 26/03/2008**

Value Date : **31/03/2008**

Price : Discounted

Minimum Amount: **Kshs. 50,000**

Interest Payment Dates:

29/09/2008	21/03/2016
30/03/2009	19/09/2016
28/09/2009	20/03/2017
29/03/2010	18/09/2017
27/09/2010	19/03/2018
28/03/2011	17/09/2018
26/09/2011	18/03/2019
26/03/2012	16/09/2019
24/09/2012	16/03/2020
25/03/2013	14/09/2020
23/09/2013	15/03/2021
24/03/2014	13/09/2021
22/09/2014	14/03/2022
23/03/2015	12/09/2022
21/09/2015	13/03/2023

Tax : Discount/interest is subject to withholding tax at the rate of 15%

Redemption Date : **13/03/2023**

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. 10M 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 Wednesday March 26, 2008.**

Auction Date : **27/03/2008**

Results: Investors should obtain details of amounts payable for successful bids, from Central Bank on the next working day after the auction.

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).

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: National Debt, Central Bank of Kenya.

Eligibility : Only CDS Account holders with updated mandates.

Secondary Trading of the Bonds:

Secondary trading in multiples of Kshs. 50,000 to commence on **Monday, April 7, 2008.**

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.

JACKSON M. KITILI

DIRECTOR, MONETARY OPERATIONS AND

DEBT MANAGEMENT DEPARTMENT

MARCH 2008

PRICE GUIDE FOR THE 15-YEAR FIXED COUPON, DISCOUNTED

TREASURY BOND AT 12.50%

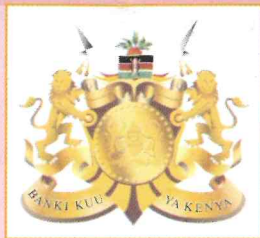
DISCOUNT/PREMIUM PRICE	P
PAR PRICE	100
SEMI-ANNUAL INTEREST AMOUNT (KSHS) (I)	6.250
YIELD TO MATURITY (YTM) DIVIDE BY TWO	r
INTEREST PAYMENT PERIOD (n)	30
COUPON RATE	12.500%
YIELD TO MATURITY (YTM)	12.500%

GENERAL FORMULA

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

YIELD(YTM)	PRICE
9.000%	128.506
9.125%	127.287
9.250%	126.085
9.375%	124.899
9.500%	123.731
9.625%	122.578
9.750%	121.442
9.875%	120.321
10.000%	119.216
10.125%	118.125
10.250%	117.050
10.375%	115.990
10.500%	114.944
10.625%	113.912
10.750%	112.895
10.875%	111.891
11.000%	110.900
11.125%	109.923
11.250%	108.960
11.375%	108.009
11.500%	107.071
11.625%	106.145
11.750%	105.232
11.875%	104.330
12.000%	103.441
12.125%	102.564
12.250%	101.698
12.375%	100.843
12.500%	100.000
12.625%	99.168
12.750%	98.346
12.875%	97.536
13.000%	96.735
13.125%	95.946
13.250%	95.166
13.375%	94.396
13.500%	93.636

YIELD(YTM)	PRICE
13.625%	92.886
13.750%	92.146
13.875%	91.415
14.000%	90.693
14.125%	89.981
14.250%	89.277
14.375%	88.582
14.500%	87.896
14.625%	87.219
14.750%	86.550
14.875%	85.889
15.000%	85.237
15.125%	84.593
15.250%	83.956
15.375%	83.328
15.500%	82.707
15.625%	82.094
15.750%	81.488
15.875%	80.890
16.000%	80.299
16.125%	79.715
16.250%	79.138
16.375%	78.568
16.500%	78.005
16.625%	77.449
16.750%	76.899
16.875%	76.356
17.000%	75.820
17.125%	75.289
17.250%	74.765
17.375%	74.247
17.500%	73.736
17.625%	73.230
17.750%	72.730
17.875%	72.236
18.000%	71.748
18.125%	71.265



CENTRAL BANK OF KENYA

**AN OPPORTUNITY TO INVEST IN
GOVERNMENT SECURITIES**

**PROSPECTUS FOR
FIFTEEN YEAR FIXED COUPON
DISCOUNTED TREASURY BOND
ISSUE NO: FXD 1/2008/15**

TOTAL VALUE: KSHS. 7.0 BILLION

CENTRAL BANK OF KENYA

MARCH 2008