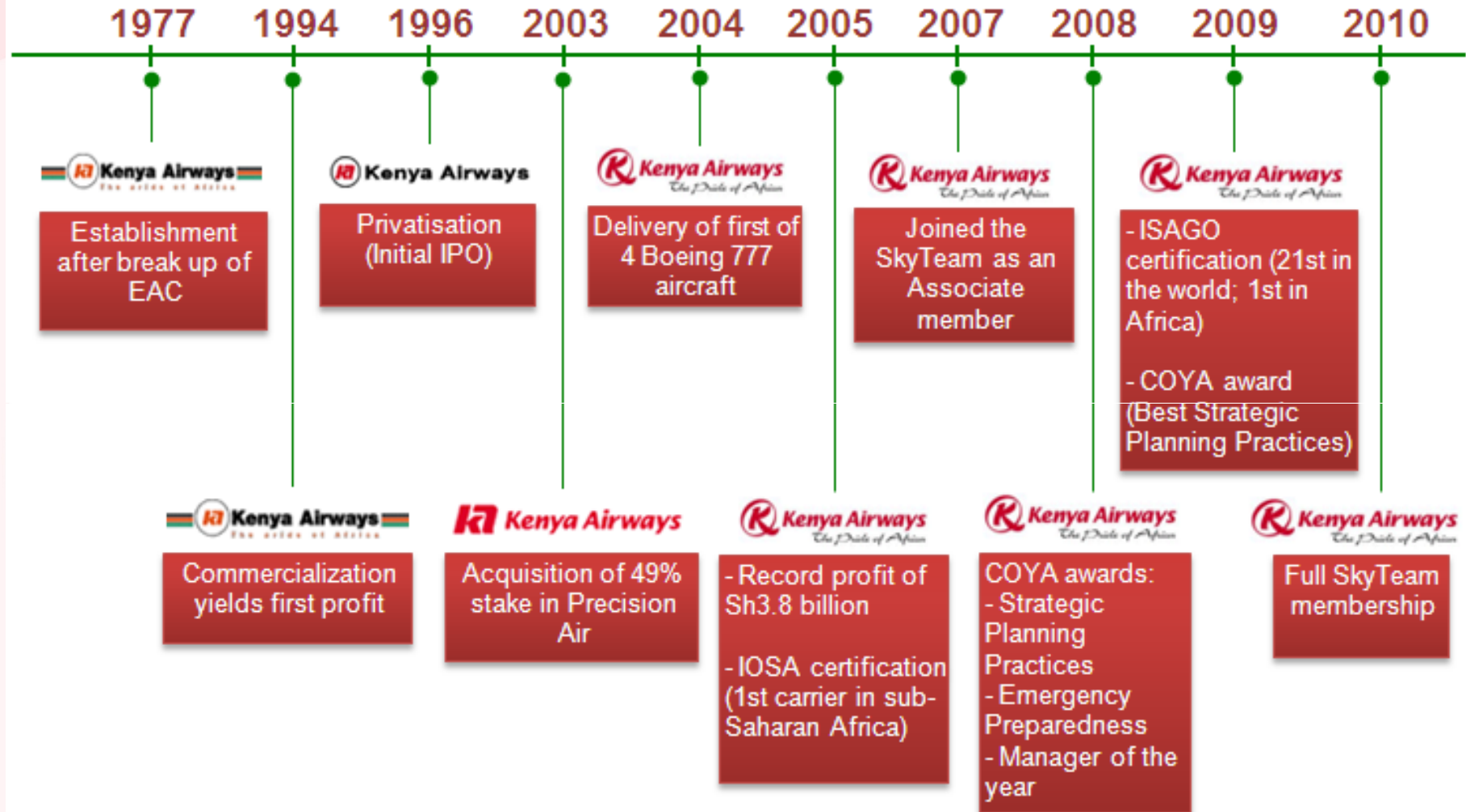














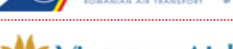



10 Year Strategic Plan

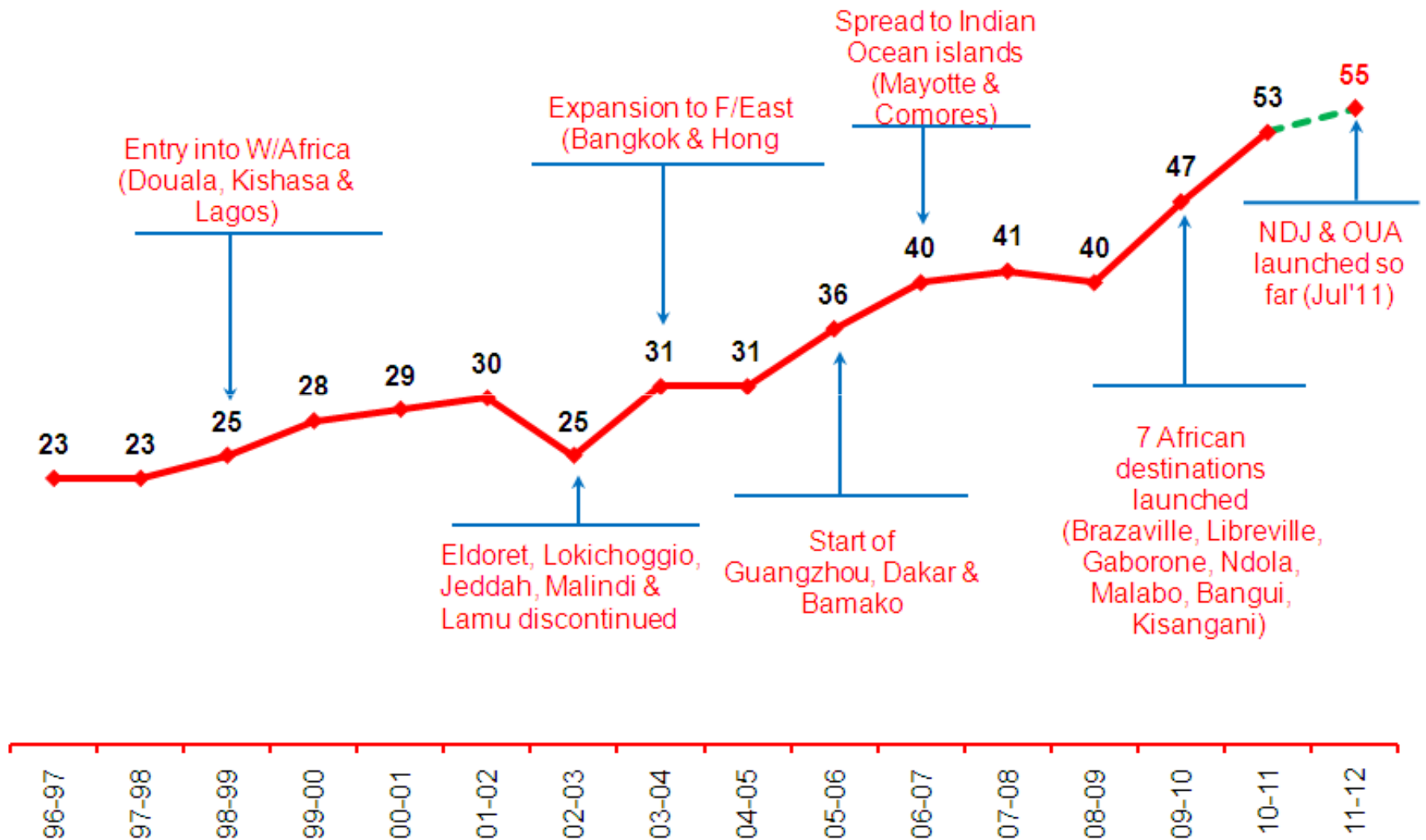
'Project Mawingu'



Carrier	Hub(s)	Destinations	Fleet	Annual Pax	Employees
 AEROFLOT Russian Airlines	SVO	110	104 + (44)	11.3 mln	14,602
 AEROMEXICO	MEX, MTY, GDL, HMO	72	54 + (49)	11.3 mln	8,245
 AirEuropa	MAD	38	43	8.8 mln	2,956
 AIRFRANCE	CDG, ORY, LYS	193	255 + (134)	47.7 mln	72,143
 KLM Royal Dutch Airlines	AMS	131	126 + (68)	22.9 mln	36,728
 Alitalia	FCO	92	126 + (22)	23.4 mln	14,154
 中國東方航空 CHINA EASTERN	PVG, KMG, XIY	197	220 + (135)	64.9 mln	57,096
 CHINA SOUTHERN	CAN, PEK	185	422	76.4 mln	65,085
 CHINA AIRLINES	TPE	98	68	11.3 mln	10,503
 CSA CZECH AIRLINES	PRG	63	38	5.06 mln	1,783
 DELTA	ATL, CVG, DTW, MEM, MSP, JFK, SLC, NRT	359	805 + (633)	162 mln	79,684
 Kenya Airways <i>The Pride of Africa</i>	NBO	55	33 + (23)	3.13 mln	4,200
 KOREAN AIR	ICN, GMP, PUS, CJU	114	133 + (5)	22.7 mln	19,475
 TAROM	OTP	38	26	2.1 mln	2,300
 Vietnam Airlines	HAN, SGN	46	68	12.3 mln	10,269
 SKYTEAM		916	2,520 + (1,100)	474 mln	388,723

Source: SkyTeam Website – Jun'11 and updated with airline some data

Historical Destination Count



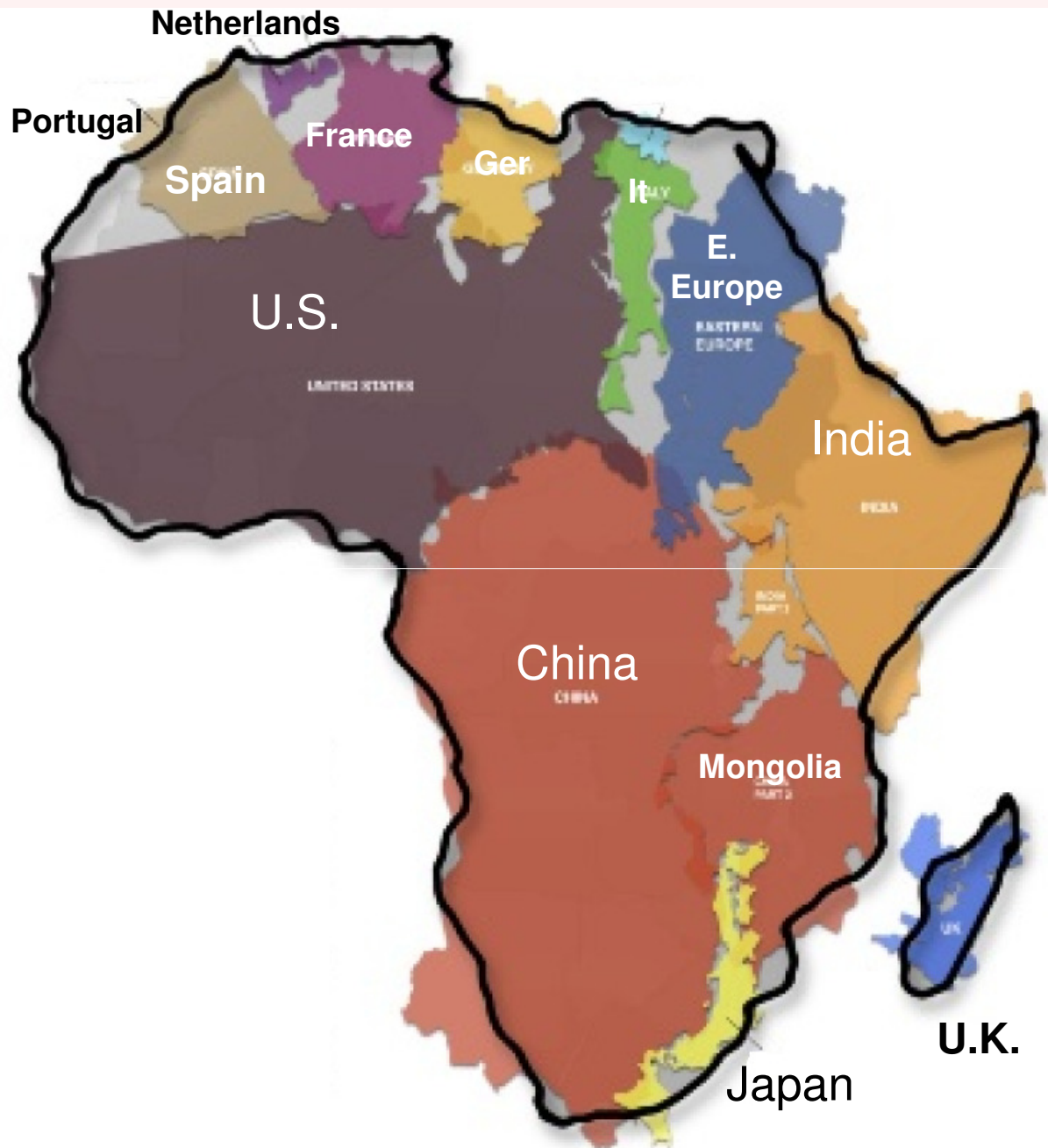
African Opportunity

World's ten fastest-growing economies*

Annual average GDP growth, %

2001-2010†		2011-2015‡	
Angola	11.1	China	9.5
China	10.5	India	8.2
Myanmar	10.3	Ethiopia	8.1
Nigeria	8.9	Mozambique	7.7
Ethiopia	8.4	Tanzania	7.2
Kazakhstan	8.2	Vietnam	7.2
Chad	7.9	Congo	7.0
Mozambique	7.9	Ghana	7.0
Cambodia	7.7	Zambia	6.9
Rwanda	7.6	Nigeria	6.8

Sources: *The Economist*; IMF



New Destinations	6	8	5	11	9	5	5	6	5	4	4
Total Destinations	53	61	66	77	86	91	96	102	107	111	115

Widebody

767											
B777ER			DEL x4	PEK x3	YYZ x3	CTU x3	IAD x3	XMN x3	KMG x3	PRG x3	
B777LR			KUL x3	GRU x3	AUH x3	PER x3	HYD x3	SVO x3	DAC x3	URC x3	
B787	FCO x3		BLR x3	TXL x3	PVG x3	MAA x3	CKG x3	AMD x3	ICN x3	HAN x3	

Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21

Narrow Body

JUB x7	NDJ /COO x2	EDL x7	WJR/HGA x5	TLV x4	BLZ x7	ACC/BJL x4	VFA x3	TIP/ALG x3	ACC/RAI x3	BBO x5
E170	MYD x6	OUA /COO x3	LAU x7	TIP/TUN x3	PNR x3	MCT/KHI x3	KWI x3	CAB x3	HRE/MUB x3	
E190	MCT/DXB x3	JED x2	MWZ x7	COO/CKY x3	NIM/CMN x3		MBA/SAH x5			
737NG	LAD x2	ABV x3	WDH/CPT x3	DUR x3	ABJ/NKC x3					
	APL/LLW x2	BEY x3		GOM x4	BEW x3					
		MRU x2		POL x3						
		ASM x3								
		JRO x7								

China

- PEK- Beijing
- PVG- Pudong
- CTU- Chengdu
- CKG- Chongqing
- KMG- Kunming
- URC- Urumqi

India

- DEL- Delhi
- BLR- Bangalore
- MAA- Chennai
- HYD- Hyderabad
- AMD- Ahmedabad

Others

- YYZ- Toronto Canada
- IAD – Washington USA
- SVO- Moscow Russia
- GRU- Sao Paulo Brazil
- ICN- Seoul Korea
- PER- Perth Australia
- TXL- Berlin Germany
- KUL- Kuala Malaysia
- DAC- Dhaka Bangladesh
- AUH- Abu Dhabi UAE
- HAN- Hanoi Vietnam
- PRG- Prague Czech

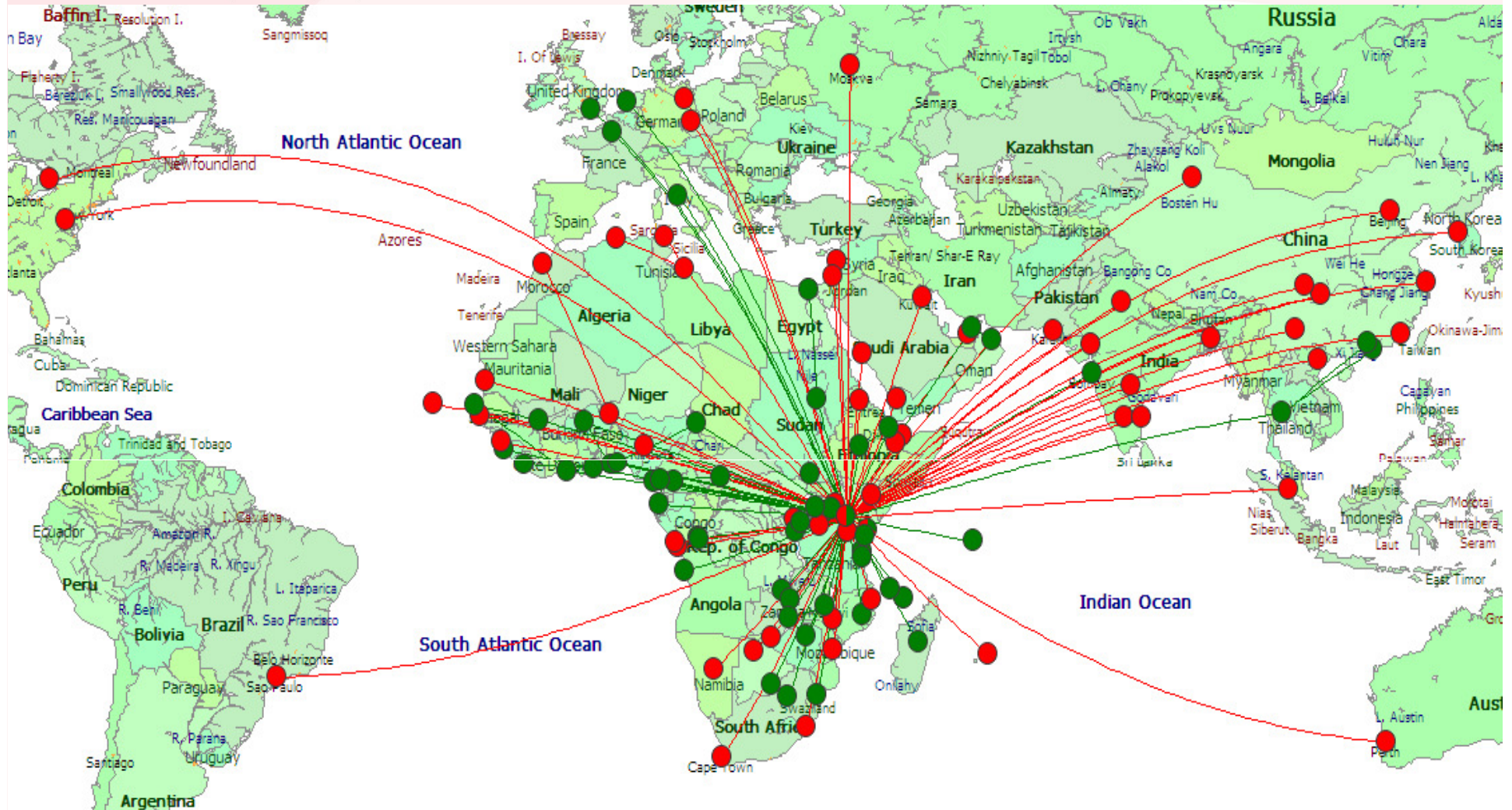
Passenger Fleet Requirement

FY	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
777-300ER				1	2	2	3	4	4	4	4
777-200LR					1	2	2	3	4	4	4
777-200ER	4	4	4	4	4	4	4	4	4	4	4
787-9								3	4	5	6
787-8				2	7	12	16	16	18	23	26
767	6	6	6	6	4						
737-8	5	5	5	10	14	16	16	17	18	18	18
737-7	4	4	4	7	10	10	10	10	11	11	11
737-3	6	6	4	2							
E190	1	4	12	14	15	19	22	25	27	29	31
E170	5	5	5	4	3	3	3	3	3	3	3
Pax Total	31	34	40	50	60	68	76	85	93	101	107
	5	3	6	10	10	8	8	9	8	8	6
Fleet Type	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Wide body	10	10	10	13	18	20	25	30	34	40	44
Narrow body	21	24	30	37	42	48	51	55	59	61	63
Total	31	34	40	50	60	68	76	85	93	101	107
%Share	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Wide body	32%	29%	25%	26%	30%	29%	33%	35%	37%	40%	41%
Narrow body	68%	71%	75%	74%	70%	71%	67%	65%	63%	60%	59%

Freighter Fleet Requirement

	Base Year	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10
	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
B747F		1	2	2							
B772F					3	4	5	6	6	7	7
B734F		2	3	4	5	5	5	5	5	5	5
TOTAL	0	3	5	6	8	9	10	11	11	12	12

KQ Network Map - Year 2021



Year 2011:
55 Destinations
45 Countries
4 Continents

Additional:
60
32
2

Year 2021:
115 Destinations
77 Countries
6 Continents!!

Risk Area	Issue	Response/Mitigation
1. JKIA Infrastructure	Timely delivery of new terminal and facilities	<ul style="list-style-type: none"> • Get commitment from the Government/KAA to fast track Greenfield Project
2. Captains	Insufficient numbers	<ul style="list-style-type: none"> • Obtain approval from Government & Union to recruit expatriates
3. Fleet Acquisition & Re-delivery	Capacity/ Capability	<ul style="list-style-type: none"> • Set up a fleet delivery dept with director
4. Availability of equipment	Boeing delay experience Lease market volatility	<ul style="list-style-type: none"> • ???
5. Skilled Manpower	Availability of skilled local labour	<ul style="list-style-type: none"> • Pride centre • Expatriates
6. Fuel Cost	High volatility of fuel costs which are largest direct costs	<ul style="list-style-type: none"> • Hedging • YR
7. Funding	Large capital required	<ul style="list-style-type: none"> • Good credit history / Capital market access (KLM and Kenya Govt Support)

Funding Plan

Historical Income Statement

KShs mil	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Total Revenue	25,165	27,461	30,984	42,234	52,804	58,792	60,471	71,829	70,743	85,836
DOCs	(14,993)	(16,390)	(17,857)	(24,136)	(30,272)	(34,989)	(38,814)	(47,792)	(44,376)	(53,419)
Gross Profit	10,172	11,071	13,127	18,098	22,532	23,803	21,657	24,037	26,367	32,417
Gross Profit %	40.4%	40.3%	42.4%	42.9%	42.7%	40.5%	35.8%	33.5%	37.3%	37.8%
Fleet Costs	(3,615)	(4,171)	(4,144)	(4,929)	(5,180)	(6,346)	(7,388)	(7,994)	(9,102)	(9,622)
Overheads	(5,346)	(5,985)	(6,306)	(6,580)	(9,496)	(9,818)	(9,968)	(12,001)	(15,426)	(16,980)
Ops Profit	1,211	915	2,677	6,589	7,856	7,639	4,301	4,042	1,839	5,815
Ops Margin %	4.8%	3.3%	8.6%	15.6%	14.9%	13.0%	7.1%	5.6%	2.6%	6.8%
PAT	868	400	1,302	3,882	4,829	4,098	4,578	(4,083)	2,035	3,538
PAT Margin %	3.4%	1.5%	4.2%	9.2%	9.1%	7.0%	7.6%	(5.7%)	2.9%	4.1%

Aircraft Financing Requirements

USD 000s	Y1	Y2	Y3	Y4	Y5	TOTAL
Aircraft Deliver Loans		(192,150)	(248,929)	(904,119)	(876,584)	(2,221,783)
ECA Guarantee fees		(14,354)	(10,045)	(61,496)	(65,481)	(151,375)
PDPs paid	(48,169)	(196,103)	(143,689)	(69,746)	(191,724)	(649,431)
Leases	(35,255)	(69,417)	(118,997)	(173,120)	(201,334)	(598,122)
Security Deposits	(2,270)	(887)	(9,885)	(15,744)	(2,771)	(31,558)
TOTAL	(85,694)	(472,910)	(531,546)	(1,224,225)	(1,337,894)	(3,652,270)

Role	Organisation
Lead Transaction Advisor	CFC Stanbic
Global Coordinator and Book Runner	Citi Bank NA
Legal Advisor	HHM
International Legal Advisor	Clyde & Co
Lead Sponsoring Broker	SIB
Public Relations	Ogilvy
Marketing	Scanad
Registrar	C&R
Receiving Bank	KCB
Reporting Accountant	PwC

- **Capital Raise via Rights issue**
- **The Funding Plan is to increase Equity to maintain D/E ratios**
- **Board has approved Rights Issue**
- **Shareholders have approved the Rights Issue**
- **Shareholders have improved increase of authorized capital to 2 Billion shares.**
- **Two factors that have influenced the number of allotted shares:**
 - **Rights issue price**
 - **The KES/USD exchange rate at the time of the offer**

Shareholder Analysis as at 31 Dec 2011

Domicile	Shares	%	Holders
KLM	120,020,026	26.00	1
Foreign Institutions	60,123,604	13.02	49
Foreign Individuals	3,283,304	0.72	484
Government of Kenya	106,171,561	23.00	1
Local Institutions	69,807,876	15.12	3,415
Local Individuals	102,209,112	22.14	69,299
Total	461,615,483	100.00%	73,249

GOK and KLM have provided irrevocable commitment to fully subscribe

Terms of the Offer

- **Target KES 20,680,373,686 (US\$ 250 million)**
- **Offer Price KES 14**
- **Shares to be allotted 1,477,169,549**
- **Discount to average Price over 90 days to 29 Feb 2012: 32%**
- **Rights of 16 share for every 5**
- **New shares to rank pari pasu with existing shares**
- **Minimum subscription of 70 percent**

Event	Date
Record date	19 March 2012
Distribution of IM and PAL	28 March 2012
Launch date	30 March 2012
Commencement of dealing	2 April 2012
Last date of dealing	18 April 2012
Last date of payment	27 April 2012
Commencement of trading in NSE	12 June 2012

Vote of Thanks